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Weekend

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FINANCIAL TIMES

Weekend FT
The countdown
to meltdown

A Jaguar
to turn heads

Schumacher -
fast and infuriating

SECTION II

World Business Newspaper

WEEKEND MARCH 9/MARCH 10 1996

Alitalia chairman quits and warns of union sell-out

Controversy over the future of Alitalia, Italy's troubled national airline, deepened following the resignation of chairman Renato Rivero, and his warning against selling out to unions. Mr Rivero lost his operational role in the airline's management this week during a shake-up by Domenico Campella, the new chief executive. Mr Campella's appointment heralded a less confrontational approach toward the unions on cutting costs and more flexible work practices. Page 2

Mubarak and Clinton to host Mideast talks

More than a dozen heads of state are expected to attend a summit in Egypt on Wednesday, hosted by Egyptian president Hosni Mubarak (left) and US president Bill Clinton to rally support for Middle East peace and co-ordinate ways of combating regional terrorism. Egyptian officials said President Boris Yeltsin of Russia and Jacques Chirac of France, German chancellor Helmut Kohl, Jordan's King Hussein, Yasser Arafat, president of the Palestinian Authority, and Israeli premier Shimon Peres had agreed to attend. Page 24. Dangerous race against time, Page 11

Soares bows out: Portuguese president Mario Soares, 71, the leading protagonist in the country's passage from dictatorship to democracy, leaves politics today when he hands over to fellow socialist Jorge Sampaio. Page 3

Turkish Cypriot aircraft hijacked: A Turkish Cypriot Boeing 737 with 130 people on board was hijacked and forced to land at Sofia, Bulgaria, Istanbul airport officials said. The aircraft was on a flight from Istanbul to Northern Cyprus.

Nintendo again delays games launch: The share price of video games maker Nintendo fell 2.6 per cent after the company confirmed that it would again have to delay the launch of its 64-bit game machine because of difficulties in obtaining semi-conductors. Page 13

German shipyards may be reprivatised: The German privatisation agency wants to hive off east Germany's shipyards from Bremer Vulkan, the shipbuilding company which last month sought protection from its creditors, and then reprivatise them. Page 5

Portugal shares European defence policy: Portugal's Socialist government said it would not support a common European foreign and defence policy. Page 3

German bank loans for Moscow: German banks are putting together a DM4bn loan package for Russia aimed at supporting structural reform and strengthening economic, technical and industrial ties between the two countries. Page 2

Reed Elsevier drops sale of books arm: Anglo-Dutch information group Reed Elsevier has taken Reed Consumer Books, its book publishing business, off the market after failing to secure a satisfactory price. Page 12

Australia's new PM announces cabinet: Former Australian Liberal party leader Alexander Downer was confirmed as the country's foreign minister, when prime-minister elect John Howard released details of his ministerial line-up. Page 4

ICL to concentrate on computer services: ICL, the only UK-based full range computer manufacturer, is pulling out of its loss-making personal computer business and spinning off its contract electronics operations in order to focus on the computer services business. Page 24 and Lex; Goodbye to all those little boxes, Page 12

UK rates over UK chancellor of the exchequer Kenneth Clarke cut interest rates for the third time in four months. Page 6

Lloyd's sends cost details to Names: Lloyd's of London despatched to 34,000 Names first details of how much they can expect to pay towards resolving their own financial affairs and the insurance market's future. Page 6

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US jobs data hit bonds and equities

Strongest monthly employment figures in 13 years dash hopes of further rate cuts

By Michael Prowse in Washington and Lisa Branstetter in New York

US financial markets were in disarray yesterday after the release of the strongest monthly employment data in 13 years dashed expectations of further cuts in short-term interest rates. European bond and equity markets also fell sharply in response to the declines on Wall Street. The Labour Department said non-farm employment rose 76,000 last month, about twice the increase predicted by most economists, even allowing for a rebound after severe winter storms in January. The jobless rate dropped to 5.5 per cent from 5.8 per cent.

The figures indicated the economy was reviving more rapidly than expected after a period of

sluggish growth. On Wall Street, where some bond traders had feared a recession, the data prompted heavy selling of shares and bonds.

Within the first 30 minutes of trading, the benchmark 30-year Treasury bond had dropped nearly three full points, pushing the yield to just over 6.7 per cent. The Dow Jones Industrial Average dropped nearly 117 points in early trading.

After stabilising briefly around midday, the markets resumed their downward course. The 30-year bond fell further to yield 6.73 per cent by mid-afternoon and the Dow was off 158.96 at 5,482.73.

"We're all experiencing a paradigm shift," said Mr Richard Berner, chief economist at Mellon Bank in Pittsburgh. "The economy is shaking off its weakness

much faster than anyone had expected."

Mr Joseph Stiglitz, the chief White House economist, said the figures underscored the US economy's strength. "We now expect to see solid economic growth in the first quarter of 1996, as well as throughout the rest of the year," he said.

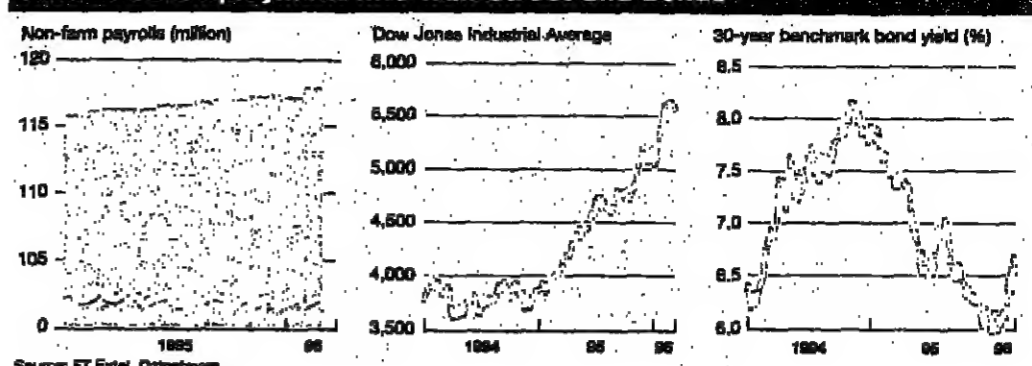
The figures were seen as ruling out any prospect of a cut in interest rates at the Federal Reserve's policy meeting later this month.

Analysts said the Fed was likely to sit tight until data cast further light on the strength of the rebound.

However, an increase in rates was not judged likely as most measures of inflation remain subdued.

In Europe, bond and equity markets fell on fears that the US interest rate cuts which have

Rise in US employment hits Wall Street and bonds



been fuelling the international bull market might not continue. The Frankfurt and Paris stock markets fell 1.2 and 1.6 per cent respectively while German government bonds dropped more than a point.

In London, the FT-SE 100 index fell 47.9 points to 3,710.3 but the real damage occurred in gilts, where the benchmark 10-year issue fell 14 points.

The rebound in US employment followed a revised 188,000 drop in January when the economy was depressed by government shutdowns and severe winter weather.

But the size of the February surge - the largest monthly increase since the Reagan boom of the early 1980s - shocked many analysts. The average gain in employment in the first two

months of the year was 258,000, more than 100,000 higher than in the second half of last year. Jobs gains were concentrated in services, the retail trade and construction. Jobs in manufacturing rose only 26,000, indicating a continuing weakness in the sector.

World stock markets, Page 19
Lex, Page 24

China to keep pressure on Taiwan after missile tests

By Laura Tyson in Taipei

Chinese leaders yesterday vowed to maintain pressure on Taiwan, which responded angrily after Beijing test-fired three guided missiles in waters close to the island's two largest ports.

The threat to Taiwan's economic livelihood prompted residents to buy US dollars, draining most banks of notes. The tension also stirred rumours of people boarding gold and rice.

The unarmed missiles landed within two sea target areas, one of which is 20 nautical miles off Taiwan's north-east coast, near the port of Keelung, the other 30 nautical miles off the south-west coast, near Kaohsiung.

Mr Lien Chan, Taiwan's premier, called China's action "provocative" and "irresponsible", while the defence minister, Mr Chiang Chung-ling, said Taiwan's armed forces would retaliate if

China violated the island's 12-mile territorial waters.

Mr Jiang Zemin, China's president, vowed to continue his government's aggressive policy, claiming that Taiwanese leaders had recently intensified a drive towards independence.

"Our struggle will not stop so long as Taiwanese authorities do not cease to split the motherland," he said.

Mr William Perry, the US defence secretary, said Washington had delivered a strong protest to China over the tests. He said Beijing's action "could only be viewed as an act of coercion" before Taiwan's first direct presidential elections on March 23.

The Mainland Affairs Council, a cabinet agency responsible for shaping Taiwan's China policy, said Beijing's "dangerous" act was intended to undermine public morale and obstruct the development of democracy in Taiwan.

Political analysts believe Beijing is attempting to frighten Taiwan into postponing or abandoning the elections.

"This kind of brutal intimidation... seriously harms relations across the Taiwan Strait and delays national unification," the Mainland Affairs Council said. Taiwanese military forces had prepared for an armed invasion from the mainland, it added.

The stock market gained 1.14 per cent yesterday, buoyed by government-inspired buying and a cut in banks' required reserve ratios effective today. The central bank announced the measure on Thursday to lift investor confidence. A public opinion survey released today indicated voter support for President Lee Teng-hui has risen to 44 per cent from 30 per cent a few weeks ago.

Taipei runs out of dollars, Page 4
Lex, Page 24



"Protect Taiwanese lives and rights", say the banners as Tsai Chih-hung, (second right), of Taiwan's ruling Nationalist party, and aides stage a protest near a target area for Chinese missile tests. Picture AP

GM suit against Volkswagen may damage US-German ties

By Wolfgang Münch in Düsseldorf and Richard Waters in New York

General Motors yesterday launched a US civil suit accusing Volkswagen and Mr Ferdinand Piëch, its chairman, of fraud in a case which may cause friction in US-German economic relations.

The new outbreak of hostilities between the US and Europe's largest car makers follows the defection three years ago of a senior GM executive, Mr José Ignacio López de Arriortúa, to VW. The case is also under investigation by German prosecutors.

GM claimed yesterday VW and Mr López, formerly its head of procurement, had stolen documents and data, "which they have fed into their own computers

and later destroyed". Though GM did not disclose the amount it seeks in damages, the figure is expected to be at least in the hundreds of millions of dollars.

VW said yesterday it would apply for the suit to be dismissed on the grounds that it had no basis in fact. It said GM had presented no new evidence.

Mr David Herman, chairman of Adam Opel, GM's German subsidiary, said the acts it was complaining about "had led to considerable financial damage for Adam Opel and General Motors Corporation and constitute a threat to jobs in our group and especially in Germany".

The complaint has been filed in a federal court in Detroit under US anti-racketeering legislation. This means the potential award if

GM wins stands to be three times any actual damages the court rules that it has suffered.

GM makes 10 allegations referring to alleged breaches of various conspiracy and fraud acts. Mr Hans Wilhelm Gb, a member of Opel's supervisory board and vice president of GM Europe, said GM filed the suit "in the belief that all of the defendants are, among other counts, guilty of conspiracy, conversion and the misappropriation of trade secrets, and racketeering".

The VW executives named are Mr Piëch, Mr Jens Neumann, a VW board member, Mr López and seven others who also left GM to join VW.

GM's 100-page claim, based in

Continued on Page 24

STOCK MARKET INDICES		
FT-SE 100	3,710.3	(-47.5)
Yield	5.88	
FT-SE Eurotrack 100	1,587.72	(-19.23)
FT-SE-A All-Share	1,588.24	(-1.19)
Nikkei	20,195.87	(+128.72)
New York Composite	5,570.16	(-71.53)
S & P Composite	644.12	(-0.53)
LONDON MONEY		
3-mo Interbank	5.25%	(5.25%)
Life long gilt fut. ... Jun 1997	104.32	(Jun 1997)
US LUNCHTIME RATES		
Federal Funds	5.5%	
3-m Treasury Bill: Yld	5.04%	
Long Bond	6.82%	
Yield	6.82%	
NORTH SEA OIL (Ages)		
Brent 15-day (Apr) ... \$18.185	(18.30)	
GOLD		
New York Comex (Apr) ... \$388.2	(388.4)	
London	\$385.5	(385.8)
STERLING		
New York lunchtime:	\$ 1.619	
London:	\$ 1.622 (1.622)	
DM	2.3842 (2.3825)	
FFr	7.7336 (7.7464)	
Sfr	1.8387 (1.8378)	
Y	161.505 (161.109)	
2 Index	83.7 (same)	
DOLLAR		
New York lunchtime:	DM 1.49895	
FFr	5.1018	
Sfr	1.20555	
Y	106.105	
London:	DM 1.4826 (1.4783)	
FFr	5.0805 (5.0635)	
Sfr	1.2035 (1.2013)	
Y	105.625 (105.31)	
S Index	95.9 (95.6)	
Tokyo close	Y 105.495	

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NEWS: EUROPE

Alitalia chief quits after shake-up

By John Simkins in Milan

Controversy over the future of Alitalia, Italy's troubled national airline, deepened yesterday following the resignation of its chairman, Mr Renato Rivero, and his warning against selling out to the unions.

Mr Rivero, who informed IRI, the state holding company which owns 90 per cent of the airline, of his decision on Thursday night, lost his operational role in the management earlier this week during a shake-up by Mr Domenico Cempella, the new chief executive.

Mr Cempella's appointment heralded a less confrontational approach toward the unions on cutting costs and more flexible work practices.

In a long and bitter letter to IRI, Mr Rivero said that the airline's restructuring and proposed £1,500m (£830m) capital increase on the open market to a dance involving unions, government and politicians in which IRI "has at times participated silently and passively".

Mr Rivero said: "In tackling union reactions the management has remained isolated." This isolation had been fed by "interests other than the origi-



Renato Rivero: 'unions have again lost sight of the true objective of the negotiations'

nal ones of rescuing and relaunching the business", a clear reference to political interference and IRI's desire for calm in order to face its other problems.

Alitalia has debts of more

than £3,500m and unofficial estimates indicate it will lose £250m in this year's first quarter.

The carrier has insisted that an 18-month freeze on industrial action by its nine unions

should be a precondition for restructuring. Mr Rivero said: "It seems to me the unions have again lost sight of the true objective of the negotiations, which is the restructuring of Alitalia, insisting

instead on a relaunch based on [the airline's] development."

He said restructuring could not take place without affecting jobs, and added it was "absurd" to talk about a capital increase had become "the object of union negotiation".

He maintained that a capital increase had to bolster the restructuring and lead the business towards privatisation. If this were not guaranteed, injecting capital into Alitalia "would become an unacceptable form of subsidy".

Mr Rivero, former head of IBM Europe, joined Alitalia two years ago, together with Mr Roberto Schisano, who was appointed chief executive. Mr Rivero took over the role of chief executive as well last autumn when Mr Schisano was dismissed for allegedly mishandling union negotiations. Mr Schisano negotiated a secret £250m pay increase with pilots last summer.

Mr Rivero was reported to have favoured taking legal action against Mr Schisano but Alitalia dropped plans for this last week.

Yesterday Mr Schisano said that if he and Mr Rivero had remained united, the restructuring could have gone ahead quickly. There was no other road for Alitalia other than a substantial restructuring.

War crime clamour over Serb soldiers

By Laura Silber in Belgrade

President Slobodan Milosevic of Serbia faced mounting pressure yesterday to extradite two soldiers in the Bosnian Serb army sought by the UN war crimes tribunal for questioning about a massacre of Muslims in Srebrenica.

One of the soldiers, Mr Dragan Erdemovic, has admitted in a graphic interview with the French newspaper *Le Figaro* that he took part in the killing by rebel Serbs of 1,200 Bosnian Muslim prisoners in a single day last summer.

Mr Erdemovic said the Muslim men and boys were ferried to their place of execution, a village called Pilica, in five buses which carried 60 at a time. "Most of them begged us not to kill them or promised us money," he recalled.

Mr Erdemovic, an ethnic Croat, was arrested by Serbian police shortly after giving the interview last weekend.

The US state department has urged the Serbian authorities to send to The Hague tribunal both Mr Erdemovic and Mr Radoslav Kremenovic, another Bosnian-Serb soldier whom the court wants to question about the Srebrenica killings.

Prosecutors from The Hague will meet senior Serbian officials in Belgrade next week to discuss the case.

Under the Dayton peace agreement, the leaders of Serbia, Croatia and Bosnia are required to co-operate with the war crimes tribunal. Any breach of this accord could prompt Washington to go slow on Serbia's international rehabilitation.

In another case, the war crimes tribunal yesterday issued an international arrest warrant for Mr Milan Martić, a Krajina Serb leader who was indicted in July for bombing Zagreb, the Croatian capital.

Mr Martić, who is now living in Banja Luka, the Serb-held city in north-western Bosnia, this week once again admitted having ordered the two cluster bomb attacks, which left seven people dead.

EUROPEAN NEWS DIGEST

Portugal backs defence grouping

Portugal's Socialist government yesterday said it would not support a common European foreign and defence policy conceived along the lines of that of a nation state. Mr Jaime Gama, foreign minister, said his government would instead push for the Western European Union, an embryonic defence grouping of 10 nations, to be integrated into the EU and established as Nato's European arm.

Presenting a negotiating position for the intergovernmental conference which begins in Turin later this month, he said Portugal would oppose any reform of European institutions that diminished the powers of smaller EU member states, and would reject any alteration of the present balance between the European Council of Ministers, Commission and parliament. However, Portugal would call for a bigger role for the European parliament in the legislative process and for more participation by national parliaments. *Peter Wise, Lisbon.*

Court clears Dutch businessman

A court in The Hague yesterday cleared Mr Joep van den Nieuwenhuyzen, former chairman of the Dutch engineering group Begeer, of insider trading. The case, the first real test of 1988 insider-trading legislation, had been referred back to the lower court after the Supreme Court quashed an earlier conviction in 1994.

Mr van den Nieuwenhuyzen said after his acquittal that he would be seeking damages from the Amsterdam stock exchange and the justice ministry. He has been fighting charges of insider trading since 1991.

The case centred on a rescue plan assembled in 1991 for HCS, a computer company in which Mr van den Nieuwenhuyzen was one of the main shareholders. He sold shares in HCS the morning after he attended a meeting to discuss the rescue plan with other main shareholders and the company's bankers. *Ronald van de Krol, Amsterdam.*

German bank loans for Moscow

German banks are putting together a DM4bn (£1.7bn) loan package for Russia aimed at supporting structural reform and strengthening economic, technical and industrial ties. Bonn will back 90 per cent of the loans, which will increase its credit exposure to Russia. That exposure - consisting mainly of export guarantees - totalled nearly DM41bn at the end of 1995.

Deutsche Morgan Grenfell is syndicating a DM3bn seven-year loan among German banks. The facility will have a four-year grace period and pay an interest rate of 13 3/4 basis points over Libor. Deutsche is offering an up-front fee of 75 basis points to banks committing DM300m.

Kreditanstalt für Wiederaufbau, the Frankfurt-based development bank, is thought to be extending a further DM1bn credit, expected to be spent on long-term projects involving German companies. *Cornier Middelmeier, London.*

Yeltsin approval for land sale

President Boris Yeltsin has given 40m Russian landowners the right to sell their property. The decree, which might be superseded by a parliamentary law, turns the land that Russian villagers and farmers were given by the government in 1991 into a tradeable commodity.

The move was denounced by the agrarian and Communist parties. Some regional leaders and heads of collective farms, which have been only superficially reorganised, oppose liberalisation and could block attempts to implement the decree. *Matthew Kaminski, Moscow.*

Spaniards in feast of unity talks

By Tom Burns in Madrid

Political business in Spain has switched from strident speeches on the electoral stump to confidential talks about common ground conducted over long breakfasts, lunches and dinners.

The centre-right Popular party (PP), which won Sunday's general elections but is 20 seats short of a working majority, said yesterday it was inching towards an agreement with minority parties that would enable it to form a government.

Meanwhile, the outgoing Socialist government of Mr Felipe González said it would begin meetings with the PP next week to co-ordinate the transfer of power.

The PP's chief deal-maker, Mr Rodrigo Rato, said talks

with the Basque and Catalan nationalist parties had failed to produce details of an agreement but had opened the door to further negotiations.

He warned that the PP's search for a "stable governing majority that will be as widely based as possible" would take up most of his time - and apparently all his eating hours - for the rest of the month.

A midweek dinner between Mr Rato and Mr Joaquim Molina, spokesman for Catalonia's Convergència i Unió (CiU) party in the Madrid parliament, lasted until 1.30am and secured the tacit understanding that new elections to break the stalemate should be avoided.

New polls could be inevitable if Mr José María Aznar, PP leader, failed to win a parli-

mentary vote of confidence that is provisionally scheduled for early April.

Catalan and Basque support is vital for Mr Aznar, who risks losing the investiture debate to the combined votes of the Socialists and minority left-wing parties.

The morning after his dinner with Mr Molina, Mr Rato flew to Barcelona for a breakfast with Mr Josep Antoni Durán Lleida, head of CiU's Christian Democrat wing who has in the past been more responsive to agreements between the PP and the Catalan nationalists.

Mr Durán Lleida was, however, lukewarm and is reported to have informed Mr Jordi Pujol, the CiU leader who runs Catalonia's home-rule government, that the PP "still had to do more homework".

Mr Rato said there were four

main areas which the PP and the Catalan and Basque parties - together with other regional groups in parliament - could find common ground. These were a united policy over Europe based on the need to meet the criteria for monetary union, a consensus over a sustainable welfare system, an agreement to eliminate the duplication of central and local government administrations, and a common front against terrorism.

Yesterday Mr Joaquín Anasagasti, spokesman in the Madrid parliament for the Basque nationalists, indicated after a lunch with Mr Rato that the centre-right charm offensive was making headway.

"The PP I'm meeting now has nothing to do with the one I knew before the elections," he said.

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Controls on Bremer Vulkan contracts face probe

German shipyards may be reprivatised

By Judy Dempsey in Berlin

The German privatisation agency yesterday said it wanted to hire off east Germany's shipyards from Bremer Vulkan, the shipbuilding company which last month sought protection from its creditors, and then reprivatised them.

The announcement coincides with confirmation from the federal auditing office, which monitors spending by public institutions, that it will investigate what controls the Bundesanstalt für Vermögensverwaltung und Sonderaufgaben (BVFS), the successor to the Treuhand privatisation agency, had over contracts signed with Bremer Vulkan.

The Treuhand sold Volkswerft Stralsund (VWS) and MTW Schiffswerft (MTW), two east German shipyards, to Bremer Vulkan in 1992 on condition its new owners invested DM1.2bn (553m) in the yards. However, DM1.5bn of state-guaranteed investments earmarked for the east German yards was placed in a special cash management fund at Bre-

mer Vulkan's headquarters in Bremen.

The investments were then siphoned off and poured into other projects and loss-making divisions.

Mr Heinrich Hornet, president of the BVFS, dismissed suggestions that the BVFS was responsible for the misuse of state-backed investments, and said the contracts had the "normal controls". The BVFS has a special contracts management department which is meant to monitor implementation of investment projects, adherence to timetables and fulfilment of investment projects by those who have bought east German companies from the Treuhand and BVFS.

Earlier this week Mr Karel van Miert, EU competition commissioner, said subsidies should not be placed into the central finances of a parent company and that it was necessary to have guarantees about how funds were meant to be used. Mr van Miert and the state government of Mecklenburg-Vorpommern, where the east German yards are located,

have criticised the weak system of controls over public subsidies.

It is likely more subsidies will be required for MTW and VWS. Mr Hornet said both shipyards needed fresh capital, subsidies backed by the European Commission, and a new strategy to prepare them for privatisation. He insisted they would not be placed under state control.

The BVFS's plans are supported by Bonn, which is considering extending DM500m of fresh subsidies to the two east German shipyards, despite earlier statements it would not support the Bremer Vulkan group. These subsidies would be in addition to the DM1.2bn of state-backed investments allocated by the Treuhand to the region's shipping sector since 1991.

The government is apparently concerned about social and political repercussions if the MTW and VWS shipyards collapse. The state of Mecklenburg-Vorpommern has an unemployment rate of 20 per cent, the highest in Germany.

Lisbon's catalyst for change bows out



Mário Soares: plans to indulge a passion for writing

President Mário Soares, the leading protagonist in Portugal's passage from dictatorship to democracy, bows out of politics today when he hands over to Mr Jorge Sampaio, a fellow socialist.

At 71, he is stepping down at the peak of his popularity. An opinion poll this week indicated that almost 90 per cent of Portuguese think Mr Soares was the best president they have had.

"The enormous sigh I'll breathe when I step down will be one of relief," he says. "The sigh I saw Portuguese ambassadors breathe as I boarded the plane home after presidential visits abroad - the sigh that says it's over and, thankfully, nothing has gone tremendously wrong."

No other figure is as representative of a Portugal that has evolved peacefully from torpid dictatorship to a lively European democracy. A speaker equally at home embarrassing hecklers or charming royalty, Mr Soares used his last television address as president to tell the nation it was time to say "basta" to politics.

"There is a time to be at the centre of the stage and another to fade into the background. I plan to indulge a passion for writing that I have been putting off all my life and address

the big questions of tomorrow. I need to head in a new direction and leave everyday politics behind."

Despite his carefree air, nothing has been particularly easy for Mr Soares. He spent 32 years in opposition to the authoritarian rule of António de Oliveira Salazar and then Marcello Caetano before a left-wing military coup overthrew the regime in 1974 and brought him to the forefront of a country in turmoil.

coups, when he successfully led the democratic opposition to a bid for power by pro-Soviet communists and hard-line radicals.

"There was a real threat that Portugal would become the Cuba of Europe and people feared I could become the Khrushchev of the Portuguese revolution. I was warned that I could be killed. Kissinger offered me the safety of a professorship at an American university. He did not accept it."

known as a bon vivant who enjoys the best in food, wine and cigars and buys modern paintings.

His candid style and abhorrence of monetarist economics led to tensions with Mr Aníbal Cavaco Silva, the former conservative prime minister. But despite their contrasting styles, they succeeded in cohabiting for a decade as president and premier. Mr Cavaco Silva gave way to a Socialist prime minister, Mr António Guterres, in November.

Today Mr Soares is concerned that the future of Europe will be dominated by "grey, technocratic leaders" who rarely rise above day-to-day issues, instead of assuming their responsibility to offer a vision of the future.

"Europe today runs the risk of becoming a merely monetary union," more bent on meeting economic convergence criteria, he says, than tackling the social problems he would like a "united states of Europe" to address.

"People today sit in front of their television sets and feel overwhelmed by the calamities that flood into their homes. But I am not a pessimist or a cynic. The world is rediscovering that the best way forward is the defence of the values like freedom, solidarity and justice that I have fought for all my life."

Peter Wise on Portugal's President Mário Soares, who forgave and forgot

"I was imprisoned 12 times, tried three times, deported to São Tomé [one of Portugal's former African colonies] for a year and spent four years in exile in France."

He never advocated retribution against the dictatorship. "I was always against judging the old regime. Portugal needed to forgive, forget and move on. I would not enjoy the popularity that I do if it were not for this policy of tolerance."

Mr Soares was almost 50 when the collapse of the regime brought him into government. He was in no less danger in the aftermath of the

He went on to be prime minister three times in the late 1970s and early 1980s, but enjoyed little popularity when, helped by the IMF, he implemented stringent austerity. "I passed a slogan painted on a wall that read 'Soares Out!'. People were understandably angered by the hardships I had to impose to save the country from bankruptcy."

Once elected president in 1986, Mr Soares spurned ostentation and formality, never leaving his comfortable Lisbon flat to live in the opulence of the presidential palace. But far from being an ascetic, he is

Jobs initiative fails to find common ground

By Wolfgang Münchau in Frankfurt

The Alliance for Jobs initiative to tackle Germany's mounting unemployment appears to have been stillborn. German metal industry employers have warned that they will not commit themselves to a deal with the IG Metall trade union for 330,000 new jobs in exchange for wage moderation.

Mr Klaus Zwickel, who, as president of the IG Metall metalworkers' union, came up with the initiative, yesterday attacked employers and warned that "moderation wage deals with IG Metall will happen only if new jobs are created."

The logjam in the talks is the latest setback in Germany's fight against unemployment, which reached another post-war high this week with 4.3m people out of work, equivalent to 11.1 per cent of the workforce.

After three failed rounds of official talks, it has become clear that while both sides still talk about the Alliance for Jobs they mean different things. For Mr Zwickel, who proposed the idea at the trade union congress last year, the alliance means an inflation-only wage round in 1997 in exchange for a commitment by employers to create 330,000 jobs by the end of 1998. An industry-wide overtime ban would encourage companies to hire more workers.

For the employers, overtime is not the issue. "We cannot lead a successful campaign against unemployment by fumbling with overtime and part-time work," said Mr Werner Stumpfe, president-elect of Gesamtmetall, the metal employers' federation. "What we need is a 20 per cent cut in wage costs because our wage costs are 20 per cent higher than those of our competitors in other industrialised countries."

An overtime ban "does not lead to a cut in wage costs. On

the contrary, it means a limitation of the ability by industry to react quickly. I don't think anyone really believes that such a ban would have any impact on the 4.3m unemployed," Mr Stumpfe said.

Mr Hans Peter Stihl, president of the German Chambers of Industry and Commerce, went as far as referring to an overtime ban as a "casus belli".

Mr Stumpfe also proposed radical labour market reforms, such as the introduction of Saturday and Sunday work and longer hours if necessary.

One of the most controversial aspects of Mr Zwickel's proposal is the demand that employers deliver their part of the bargain first - by creating 110,000 new jobs this year - before the union agrees to an inflation-only wage deal. The employers call this a cynical ploy, because last year's wage rise has added 11 per cent to the average salary bill in 1995 and 1996, apart from the 5 per cent increase in costs as a result of the D-Mark's rise last year. Rather than hiring 100,000 more workers this year, employers say they will fire that amount unless costs fall substantially.

The third party in this deal is the German government. Never one to ignore public sentiment, Chancellor Helmut Kohl recently discovered unemployment as a central political issue and put his weight behind the Alliance for Jobs. But he has studiously kept out of the current dispute, avoiding alignment with either side.

The German public, like Mr Kohl, still hankers for a jobs scheme "that stays within the country's traditional and familiar framework of consensus politics. But such a solution appears increasingly remote. As a last resort, Germans are waiting in the hope that economic recovery, which forecasters are promising for the second half of the year, will do the trick."



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Buchanan and Forbes reject Dole call to give up

By Jurek Martin in Washington

Mr Bob Dole, fresh from another sweeping primary election victory in New York on Thursday, yesterday called on his remaining rivals for the Republican presidential nomination to withdraw in the interests of party unity.

But neither Mr Steve Forbes nor Mr Pat Buchanan, second and third respectively in New York, accepted the invitation. Ms Bay Buchanan,

the conservative pundit's sister and campaign manager, even suggested that the nomination of the majority leader would "give real life to the idea of a third party".

Mr Buchanan himself, campaigning in Tennessee and Louisiana, two of the seven states holding primaries on Super Tuesday next week, said: "What we need is one victory and we'll crack this thing wide open."

Both he and Mr Forbes, the magazine publisher, complained once

again that the New York primary had been rigged to favour Mr Dole by his biggest state booster, Senator Al D'Amato, and was therefore not a fair test.

A federal court order had eventually placed Mr Forbes's name on all ballots but Mr Buchanan's only appeared in 23 of the 32 New York congressional districts. Yesterday, Mr Buchanan declared that "Titoism is dead and so soon will be D'Amatoism".

In the event, Mr Dole won about 54 per cent of the popular vote, Mr Forbes 30 per cent and Mr Buchanan 14 per cent. The majority leader took all 95 delegates at stake on Thursday and will pick up another nine to be awarded later.

The Associated Press count gives him 353 of the 936 needed for the nomination, well ahead of Mr Forbes with 73 and Mr Buchanan on 62. A further 382 delegates will be won on Tuesday, with Texas and Florida the

biggest prizes. Local polls in both favour Mr Dole.

Mr Ross Perot, the independent candidate of 1992, denied that Mr Buchanan or Mr Forbes could bid for his support. In the Washington Post yesterday, the Texas billionaire said Mr Buchanan's protectionist message "is not mine" and he scoffed at Mr Forbes's credentials as a chief executive, saying: "I didn't inherit my business, did I?"

Mr Dole, in Florida, said Mr Buch-

anan was merely "a spoiler" now, but conceded that he posed a threat to needed party unity in the November elections. "If he wants Bill Clinton for four more years, he can have him."

He slightly spoiled the New York victory party when a microphone, connected to his satellite feed from Florida, broadcast him privately grumbling to his wife about the length of Mr D'Amato's speech.

Twin pillars of old politics, Page 10

Polls stay open for eager Iranians

By Robin Allen, recently in Tehran

Despite an almost complete absence of public debate and only one week of "campaigning", there was a mass turnout in the first round of Iran's parliamentary elections yesterday. Polling stations were kept open longer than scheduled to cope with the numbers.

More than 32m people over the age of 15 were entitled to vote for 270 seats in Iran's majlis (parliament). An overwhelming turnout had been encouraged by leading members of Iran's clerical establishment.

But political commentators were also attributing the turnout to widespread economic dissatisfaction. They pointed to heavy unemployment, an ossified bureaucracy and corruption, not least among the state foundations which dominate the domestic economy. Voters may have also been expressing discontent with the economic irrelevance of the clergy and soaring inflation, estimated by some at over 50 per cent.

Although political parties are allowed under the Islamic republic's constitution, they are banned in practice by the regime. The contest is generally seen as one between two rival groups, one entrenched conservative and the other made up of younger economic reformers.

The first, traditional conservative group, is the JRM (Assembly of Combatant Clergy), which had a majority of 150-160 in the outgoing majlis. The reformers are represented by a new faction, the Servants of Construction, or G-16 (from the number which made up the original group). They include Mr Mohsen Nourbakhsh, the central bank governor, and Mr Gholamhossein Karbaschi, Tehran's controversial mayor as well as other government officials.

Results of the first round are expected today. The run-off is to be held in a fortnight.

Mexico City finds the well is running dry

As the aquifer vanishes, citizens may have to start paying for what they use, reports Leslie Crawford

Beneath Mexico City's choking skies an unseen, but far more sinister, environmental disaster is waiting to happen.

The main source of water for 20m people - an aquifer which lies below the sprawling city - is running dry. Mexico City is sinking at the rate of 50cm a decade as a result of the falling water levels, exacerbating the city's natural propensity to flood.

Furthermore, scientists have begun to detect dangerous cracks in the clay sediments of the valley, which threaten to contaminate the aquifer, which lies only 100 metres below.

"Mexico City's most pressing problem is not the smog, but the scarcity of water," says Mr Alfonso Martinez Baez, head of Mexico City's water authority. "We face the prospect of either dying of thirst, or drowning in our own sewage."

The capital consumes 83 cu m of water a second. Two-thirds of this is extracted from the aquifer. The rest - 19 tonnes of water a second - must be pumped from dams 120km away and up a steep 1,000m gradient to reach the metropolis. The electricity required to pump the water is equivalent to what a medium-sized town uses in a day.

Mexico City's insatiable demand for water has brought it into conflict with adjoining

states. They accuse the capital of rationing what they can use for irrigation, and then plundering what it has stolen. Even the most conservative studies estimate Mexico City loses more than 30 per cent of its water supply through leakages and theft.

Mr Martinez believes the metropolis must start saving water. But the two obvious solutions have proved to be the most difficult to put into practice. Plans to meter and charge residents for the real cost of the water they consume have been repeatedly delayed because of the likely political backlash. At present, about half the capital's inhabitants do not pay for their water, while the rest pay a flat tariff based on meters read only once every three years. Mr Martinez's water authority runs an operating deficit of about \$400m a year. And without proper revenues, he cannot finance the repair and maintenance of the network.

No one has been more aware of, and more frustrated by, Mexico City's looming water crisis than the four companies - two French and two British - that have been given the task of overhauling the system.

Lyonnais des Eaux, Compagnie Générale des Eaux, Severn Trent and North West Water Group, together with their respective Mexican part-

ners, were selected three years ago to prepare a water users' census, install hundreds of thousands of electronic meters, map out the city's 12,000km of pipes, and repair them. Each company was given a quarter of the city to work on with contracts worth a total of \$1bn over 10 years.

However, bureaucratic delays and government budget cuts have meant that only a fraction of the scheduled work has been commissioned to date. The water authority, strangled like most government departments by last year's financial crisis, has been forced to curtail its modernisation programme and has been unable to pay promptly for the work done.

"It has been very difficult to plan ahead because the rhythm of work has been so erratic," says Mr Eduardo Brittingham, president of Industrias del Agua, a joint venture between Severn Trent and Mr Brittingham's family company, Socio Ambiental de México. "We train people, and then have to fire them because of government delays. It is all very inefficient."

Three years into the programme, only one Severn Trent technician remains in Mexico. Mr Brittingham says experts are now flown out from the UK when they are needed. He says it will be a while



Insatiable demand: A boy collects water from a standpipe in Mexico City

before the company recovers its initial \$30m investment in the Mexican venture.

After the contracts were awarded in 1993, the four companies had to wait a year before the government began commissioning work. Since then the tasks of installing new water meters in every household and mapping out the water network have been a stop-go affair, depending on the trickle of funds from the water authority's budget. The main task of repairing the network to stem water losses has not even begun.

Lyonnais des Eaux has

coped with the intermittent nature of the project by cutting overheads and sub-contracting most of the work.

Mr Jean-François Druz, Lyonnais's representative in Mexico, says his company would much rather have gone to work in Mexico City with a comprehensive writ to manage the entire water system rather than the piecemeal services it now provides.

"We have no investment commitments in Mexico, whereas in Buenos Aires, where we were awarded a 30-year concession to run the water system, we are investing \$4bn to improve services," Mr

Druz explains. With time, he hopes that the present service contracts will evolve into full concessions.

The water companies feel trapped by political infighting in the government. In theory, they are due to start metering and billing consumers this month for the real rate of water consumption. Inside the city's government, however, a furious debate is raging over whether it can afford such an unpopular move.

"We must start billing consumers to pay for improvements to the system," Mr Martinez says, "but the popular outcry will be enormous. Peo-

ple are already suffering great hardships because of the recession. Politicians face elections next year. The timing, to put it mildly, is not ideal."

But the city needs much more than mere maintenance services. Mr Martinez says alternative sources of water must be found to replace the depleted aquifer. The capital also needs to build at least four new sewage treatment and water recycling plants.

There are no plans to start work on these projects soon. Mr Martinez needs \$1bn to carry them out, and Mexico's cash-strapped government cannot finance them.

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FT Surveys

NEWS: UK

First details of costs are sent to Names

By Ralph Atkins,
Insurance Correspondent

Lloyd's of London last night despatched to 34,000 Names first details of the cost they can expect to pay towards resolving their own financial affairs and the insurance market's future.

Mr David Rowland, chairman, warned that without a deal with the Names, Lloyd's could collapse. The package was "immeasurably better" than any alternative.

However, loss-making and litigating investors, or Names, who have borne the brunt of more than £2bn (£12.2bn) in losses reported in recent years, stepped up calls for an increase in an out-of-court offer worth a total of £2.8bn.

Yesterday's "indicative final-

ity statements" set out losses incurred by Names; the cost of transferring liabilities outstanding on policies sold before 1993 to a new company called Equitas, and the allocation of the £2.8bn offer. Statements were sent worldwide, excluding California where legal

LLOYD'S

LLOYD'S OF LONDON action by securities regulators prevents Lloyd's communicating with Names.

Early signs suggested many statements include errors. But Lloyd's reckons 95 per cent of bills will be within £15,000 of final figures.

An increase in the £2.8bn seems likely. Already £785m has been secured from the

main "errors and omissions" insurers, which provided Lloyd's agents with protection against legal awards. That suggested the £800m expected from those who would pay court damages should be met comfortably. Extra funds from auditors, brokers, Lloyd's agents and bank loans would push the total above £3bn.

Revised individual figures will be sent in May and approval sought in June and July. Names' maximum payments should not exceed £100,000 once deposits at Lloyd's have been exhausted. But up to 500 who deliberately refuse to settle debts may face bills of up to £300,000.

For those who cannot afford the £100,000, a means-tested special fund is available to ensure a "reasonable lifestyle".

The economy Bank base rates down ¼ point to 6%

Interest rates are cut for third time in four months

By Robert Chote,
Economics Editor

Mr Kenneth Clarke, the chancellor of the exchequer, cut UK interest rates for the third time in four months yesterday, but in the process fuelled speculation that he would have to raise rates again later this year. The widely expected quarter-point reduction took bank base rates to 6 per cent.

The chancellor said he had cut rates because inflationary pressures were continuing to ease and because the economy was growing at less than its long-term trend rate. Industry's raw material and labour costs were subdued, he added. "In these circumstances I am confident that this further ¼ per cent cut in interest rates is sensible, and that my target of inflation at 2½ per cent or less will be met," Mr Clarke said.

The Bank of England (the

UK central bank) would not say whether Mr Eddie George, its governor, had backed the chancellor's decision when they met on Thursday. But analysts said the Bank was unlikely to have objected after its inflation report last month had said the chancellor was back on course to hit his target.

The size and timing of the cut had been widely expected in the City, but financial markets still reacted nervously. They fear the economy is already set to rebound sharply later this year, and that further rate reductions might therefore rekindle inflationary pressures. The short-term futures market - in which dealers bet on forthcoming base rate movements - fell sharply. Dealers believe rates may have fallen as far as they are going to, and they are increasingly confident that Mr Clarke will have to raise them

later this year. "We are in the end-game for rate cuts", said Mr David Walton of investment bank Goldman Sachs. He said rates would probably be cut by only one more quarter-point, while other economists predicted rates would not change for the rest of the year. However, Mr Ian Shepherdson of gilt-edged market maker HSBC Greenwell, said the base rate cuts since December had been "an inadequate response to the alarming weakening in the UK economy over recent months". He predicted that rates might therefore be cut to as little as 5 per cent later this year.

Mr Kevin Gardiner, at investment bank Morgan Stanley, said rising expectations of inflation in the gilt market showed that dealers were becoming increasingly sceptical about Mr Clarke's commitment to his inflation target.

UK NEWS DIGEST

Minister firm on Emu referendum



Mr Kenneth Clarke, the chancellor of the exchequer, signalled that he and other cabinet members had not given up their fight to end a government commitment to a referendum about adopting a single European currency. Mr Clarke said a decision on such a manifesto pledge was still several weeks away and nothing had been decided. His remarks contrasted in tone with those of Mr John Major, the prime minister, who told the House of Commons on Thursday he had "made it clear on previous occasions" that "a referendum on joining a single currency could be a necessary step". This was widely seen as Mr Major's strongest indication yet that he was prepared to accede to the wishes of the Eurosceptic camp in his cabinet for a referendum.

However, Mr Clarke, who is understood to be considering threatening resignation over the issue, said: "We did not decide anything on this. We agreed to come back to it in a few weeks' time." Mr Major told MPs a decision would follow a review to be carried out by Mr Malcolm Rifkind, foreign secretary. Senior members of the government hope that Mr Rifkind's review will find a way of allaying their concerns. A minister said that the move was designed to bring them into line. A close colleague of Mr Clarke made clear he was pre-empting a showdown over the issue. "He's not giving in. He's just as opposed to it as he ever was, and he's not alone in cabinet." Pressure on the prime minister to clarify his position has intensified with the prospect of rival candidates fielded by Sir James Goldsmith's Referendum party. Sir James said he was in a position to fight 400 candidates at the next general election.

John Kampfner, Westminster

More rail assets sold

British Rail, the national network, agreed the sale of two more of its 13 track renewal and maintenance companies, bringing to five the total privatised. One more is expected to be sold next week. Central Infrastructure Maintenance Company, the largest of the 13, has been bought by GT Railway Maintenance, a joint venture between GEC Alsthom and Tarmac Construction, for £18.8m (£28.8m). CIMCo employs 3,900 people and has turnover of nearly £160m.

The second deal was for the sale for £15m of Western Infrastructure Maintenance (WIMU) to Amey Railways, a joint venture between Amey and Western's management team. Western employs more than 2,500 people and has turnover of about £110m. Amey will have a 75 per cent stake in the joint venture with WIMU's management holding 25 per cent. Amey was responsible for maintaining 3,675 kms of track from Paddington station in London to south-west England and south and central Wales. It said that some £10m was expected to be spent by Railtrack over the next decade maintaining and improving the national rail network. Railtrack is the state-owned infrastructure company which is soon to be privatised. WIMU had a £300m order book, spread over five years, and was in strong position to win repeat business as individual contracts ran out, said Amey. CIMCo is the second infrastructure company to be acquired by Tarmac and follows last week's purchase of Central Track Renewals for £2.9m. The sale of Eastern Track Renewals, the sixth company to move into the private sector, to its management for about £15m is expected to be concluded next week. The track renewal and maintenance companies represent one of the largest parts of the railway industry still to be sold.

Charles Batchelor and Andrew Taylor

Skye protestors rebuffed

People who have refused to pay tolls on the privately-funded bridge from the Scottish mainland to the Isle of Skye suffered a defeat when the tolls were judged by a sheriff to be lawful. Last week Mr Neil Murray, advocate for 180 people charged with non-payment of the £4.20 (£6.56) toll, argued that the government had acted beyond its powers in introducing the toll order in 1992, and that the tolls were contrary to the 1707 Treaty of Union between England and Scotland. But Sheriff Fraser ruled in favour of the Crown in test cases against two of the accused, and refused the defence blanket right to appeal. The trials of people accused of non-payment will take place in April and May.

James Buzdon, Edinburgh

Graduate recruitment up

Financial sector employers intend to cut their graduate recruitment this year, unlike virtually any other sector, says a survey by the PA Consulting Group. The consultants said the fall was usually due to a shift in recruitment strategy rather than an overall contraction. Other sectors were far more buoyant, with chemicals companies planning to raise recruitment by more than 30 per cent. The findings are part of a broader shift in the way companies recruit graduates. Employers are using self-assessment questionnaires to eliminate unsuitable candidates, and also to help potential recruits decide whether they would really fit in. A separate survey by the Cranfield School of Management also found significant changes in graduates' career development once recruited. Graduates were now increasingly employed immediately in "real" jobs rather than being sent on training schemes.

John Authors, Public Policy Staff

Hares dwindle: A survey of the brown hare indicates that numbers have dropped from about 4m at the beginning of the century to an estimated 800,000. The survey was commissioned by the Joint Nature Conservation Committee and carried out by Bristol University with the help of 500 volunteers. The committee blames the steep decline on changes in the rural landscape and farming practices rather than hunting and shooting. Brown hares are thought to have been introduced to Britain by the Romans.

Northern Ireland Gains from peace dividend at risk

Minister for optimism heads for Washington

By John Murray Brown
in Belfast

Baroness Denton describes herself as a born optimist. The habitually cheery Northern Ireland economy minister in the British government is trying to put on a brave face as she contemplates the business fall-out from the resumption of Irish Republican Army violence.

"It's just my feeling," she says. "But before, on the morning shuttle flight from London, you were having to stand up. It's not quite like that any more."

Lady Denton is probably better known as Jean Denton, who three times in the 1960s was the British women's rally car champion. Her title of Baroness was conferred for life almost five years ago, and is not inherited.

One of her main concerns in Northern Ireland is that investors and business people should not now turn their backs on the region. She is heartened by the robust response of the European Commission, which declared that its £200m (£400m) programme for peace and reconciliation was unaffected.

"We couldn't have been luckier with the commissioner [Ms Monika Wolf-Mathies]," said Lady Denton. "It must be the only programme that's come in for approval at one council meeting and been approved at another." Next week Lady Denton travels to the US, where she will represent the British government at the White House's St Patrick's Day celebrations - another "perk" risks undermining the UK flying training schools.

He was addressing delegates at the annual conference of the General Aviation Manufacturers and Traders Association, (Gamt), which represents British aviation in the UK.

Before the CAA decision, the school had expected turnover in 1996 of £15m (£23m). It now fears losing two thirds of that if schools in other countries can offer the same licences more cheaply. Other big flying schools represented at the Gamta conference feared the loss to overseas competitors of the entire UK airline pilot training industry.

The industry fears also that airline pilots who gained their licences in countries such as the US and Australia, where good weather can be relied on, will be less competent to fly in bad weather in Europe than pilots who have trained in the European environment.

Mr Moxham said: "During the last 12 months we have seen our market steadily eroded by our own CAA. The decision to license overseas schools to train to UK professional pilot qualifications has put us at a significant competitive disadvantage."

Figures from Gamta show that flying training was worth £20m to the UK economy in 1989. By last year that figure had dropped to £8m thanks partly to increasing competition from US flying schools.

The UK is alone internationally in allowing competitor countries to train up to UK commercial pilot qualifications. Mr Scott Brown, an operations director of the US Federal Aviation Administration, told the conference: "We do not allow FAA-approved schools in Europe." He said requests for such training had been received from US Air Force personnel based in Europe but had been rejected.



Baroness Denton: the former rally car champion is now a British government minister responsible for Northern Ireland

cent, 0.9 per cent due to the peace process. "Much of that gain could be reversed," said Mr Caspar Swales, an economist at the organisation. "Tourism will be hit on the head."

At this early stage, evidence for the negative effects following the end of the IRA ceasefire remain anecdotal. For existing manufacturing, the minister predicts that many of the companies will be little affected. "All the big companies had the great joy that we all had from the ceasefires, but it neither slowed them down nor sped them up. People forget that a lot of our achievement has come from companies that are here."

The minister's Make It Back Home scheme - aimed at luring back some of the 200,000 people who left Northern Ireland during the Troubles - is continuing. At meetings at Vancouver and Los Angeles, after the recent bombings, there was a respectable turnout, she said.

But the two business areas which are likely to be hit by a full resumption of violence are

tourism and inward investment.

Hotellers report that some conferences have been cancelled. But as the minister was quick to point out, the Dublin-based hotel group, went ahead with the announcement of a £2.4m hotel investment in Belfast city centre just days after the London bombing.

On investment from outside Britain, the minister said negotiations were continuing unchanged on all investment deals, although she conceded that if the violence were to resume in full, it might slow the process. "I think we've gone two steps forward, and I don't think we've yet fallen back one step," she said.

In an effort to provide a measure of the impact of the Canary Wharf bombing in London's Docklands district, Lady Denton ordered her staff to prepare a study of how the share prices of Northern Ireland's main listed companies had been hit. "There was only one that took a beating, and that was Northern Ireland Electricity - and that recovered," she said.

Drop of 13.4% reverses steady rise in truck sales

By John Griffiths in London

Sales of new trucks fell sharply in February in the first significant reverse for many months. The decline provided a further warning to the government of possible economic slowdown.

Buying patterns in commercial vehicles, purchased wholly for business use, are regarded as a good indicator of economic activity. Statistics from the Society of Motor Manufacturers and Traders show that registrations of heavy trucks - those over 15 tonnes - fell by 13.4 per cent in February compared with the comparable month of 1995 to 2311 vehicles. Registrations had been rising

virtually unchecked for more than a year before that, and the sharpness of the downturn has triggered industry fears that the market may go into reverse for the year as a whole. At the end of last year most truckmakers had been predicting modest growth for the whole of 1996.

The downturn was felt last month throughout the truck sector, although the market for light vans and panel vans remained marginally above year-ago levels. The society's figures show that registrations of all trucks over 3.5 tonnes fell by 12.1 per cent last month compared with February 1995 to 3,962 vehicles. This left registrations in the sector for the

first two months of the year 5.5 per cent down at 7,910.

The van market fared slightly better, reflecting in particular activity in the small business sector. Registrations of small vans, those mainly derived from cars, rose last month by 9.7 per cent compared with February 1995 to 6,060. Those of panel vans, typified by the market-dominating Ford Transit, rose by 2.0 per cent to 9,943.

Imports captured a significantly larger share of the market in February, with registrations rising by 14.5 per cent compared with February 1995 to 10,574 or 49.9 per cent compared with 44 per cent a year earlier.

Truck registrations Jan-Feb 1996

	Volume	Change %	Jan-Feb 95	Jan-Feb 96
Trucks (over 3.5 tonnes)				
Total	7,910	-13.4	9,080	7,910
Imports	1,404	-27	1,900	1,404
Van group (Total)	1,485	-2.1	1,519	1,485
Mercedes-Benz (Daimler-Benz)	1,438	-2.6	1,482	1,438
Land Rover (DAF Trucks)	1,429	-18.1	1,741	1,429
Scania (Iveco)	1,116	-10.2	1,241	1,116
Volvo	627	-11.7	704	627
MAN	520	-18.8	634	520
EFF	389	-18.8	474	389
Renault	300	-17.3	361	300
Of which Heavy Trucks (over 15 tonnes)				
Total	1,128	-4.2	1,180	1,128
Scania (Iveco)	710	-19.2	871	710
Volvo	354	-8.5	386	354
Land Rover (DAF Trucks)	107	-1.9	109	107
Mercedes-Benz (Daimler-Benz)	88	-13.5	100	88
EFF	38	-40.0	63	38
MAN	23	-42.9	39	23
Renault	21	-11.5	24	21
Source: Society of Motor Manufacturers and Traders and Society of Vehicle Registrars				

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Havas denies CLT charge of 'betrayal'

By Andrew Jack in Paris and Raymond Snoddy in London

Havas, the French media group, yesterday fought back against accusations by Canal Plus, Bertelsmann and BSkyB that it had "betrayed" the company in favour of an alliance with Canal Plus, Bertelsmann and BSkyB to create a satellite television service in Germany.

Havas said it had proposed "a technological and strategic alliance... notably in Germany" with Bertelsmann, Canal Plus and BSkyB in December last year, but that the terms had been rejected by CLT.

His comments come after Mr Michel Delloye, managing director of CLT, said in an interview in Le Monde, the French newspaper, on Thursday that his company had been "betrayed" by Havas's decision to side with BSkyB in the rival partnership.

As the row following the deal deepened, Mr Jean-Claude Juncker, the prime minister of Luxembourg, told the Agence France Presse news agency of his "complete astonishment" at the arrangement, and said he had expressed his feelings to the French government.

Havas, which owns 20.2 per cent of CLT, said the "door was not closed" for future co-operation on future alliances with the Luxembourg-based group, and said that it had no intention to withdraw from its involvement or reduce its stake.

It said its own contribution to the partnership announced this week was in the form of "savoir faire".

BSkyB also insists there was no betrayal or misleading of CLT. The UK satellite broadcaster said yesterday that it had made clear some time ago to CLT that a proposed joint venture with the Luxembourg broadcaster would not go ahead.

Despite the dispute over the BSkyB alliance with Canal Plus and Bertelsmann, the UK satellite broadcaster believes the deal is done and will go ahead. In addition to the alliance, designed to launch digital satellite television services in Germany and other countries in continental Europe, BSkyB also believes its proposed acquisition of a 25 per cent stake in the loss-making Premiere channel in Germany will go ahead.

Approval of other shareholders - such as Kirch, the German media group - to the deal is necessary, but the satellite group believes it is in Kirch's interests to give that approval.

Mr Karel Van Miert, the European competition commissioner, on Thursday promised to examine "every dimension and every aspect" of the deal, although the alliance members believe the plan is likely to get Commission approval.

Nintendo again delays launch of new games machine

By Michio Nakamoto in Tokyo

Nintendo, the video games maker, saw its share price tumble 2.6 per cent yesterday after confirming that it would again have to delay the launch of its new 64-bit games machine.

The Japanese company blamed difficulties in procuring sufficient semiconductors, as well as needing more time to develop software, for the delay, which means the launch has been put back from next month to June. The Nintendo 64 was originally intended to reach Japanese shops in time for the last Christmas season.

Nintendo's share price yesterday fell to ¥6,800 in Osaka, where it is more heavily traded than in Tokyo.

News of the delay highlights the turbulence in the video games market, as changes in technology and the emergence of new competitors have challenged the industry's traditional leaders.

Earlier in the week, Sega, Nintendo's long-time rival, said it was reducing the price of its popular 32-bit game machine in an attempt to compete more effectively with a rival Sony machine.

Sega also announced last week that it was taking a ¥26bn (\$248m) extraordinary loss in the year to March to cover the cost of scaling back its European operations.

The Nintendo 64, which was developed with Silicon Graphics of the US, a leader in computer graphics, represents Nintendo's bid to regain the initiative from Sega and Sony, which have been on the offensive with their popular 32-bit games.

However, Nintendo has not been able to procure enough of the advanced semiconductors - specifically, the 64-bit central processing units - required to produce the 500,000 units the Nintendo 64 is aimed to have on the market at the time of the launch, Nintendo explained.

Meanwhile, development of sophisticated software to match the increased processing power of the Nintendo 64 has been slower than expected.

Analysts expect Nintendo's new machine to be a success when eventually it reaches the shops. However, Sony's and Sega's success with their 32-bit machines, and the growing encroachment into the video games market by personal computers, have dented Nintendo's once unchallenged dominance of the market.

At the same time, the poor performance of Nintendo's 32-bit machine and sagging sales of the company's mainline 16-bit machine, are putting pressure on profits. The 32-bit machine has been plagued by poor availability of software while the 16-bit market has become saturated.

Software's David and Goliath join battle

Marc Andreessen, the 24-year old co-founder of Netscape Communications, is surprised to find his company in a bitter marketing battle with Microsoft, the world software leader.

"It's amazing," he said, rolling his eyes in disbelief, after presenting Netscape's latest products to an audience of more than 3,000 software developers gathered in San Francisco earlier this week.

Yet the products that he unveiled this week confirm that Netscape is on a collision course with Microsoft, the world's largest software company. Wall Street is not sure that in this instance David can beat Goliath. Netscape's shares have dropped by more than 50 per cent over the past six weeks, adjusting for a two-for-one stock split in February.

From a high of \$187 at the end of January, the stock has fallen to a post-split price of \$40. While stock sales by several Netscape executives and a broad "correction" in the inflated prices of Internet-related stocks have contributed to Netscape's decline, the looming battle with Microsoft is fueling analysts' concerns.

Although Netscape is best known for its Network Navigator program, used on millions of personal computers to browse the World Wide Web, 80 per cent of the company's revenue comes from software for servers, the more powerful computers that are widely used to publish information on the Internet as well as on private corporate networks.

Until recently, server software was a relatively quiet niche market. It has become the hot topic, however, as companies begin to adapt the standards of the Internet's World

Netscape Communications' moves to expand in corporate computing have put it on a collision course with Microsoft, writes Louise Kehoe



Marc Andreessen: Netscape chief denies his group wants to be 'the next Microsoft'

Photo: Reuters

Wide Web to distribute information on internal computer networks, called Intranets.

With its new products, Netscape is aiming to expand its presence in corporate computing. Mr Andreessen introduced SuiteSpot, a set of programs for use on corporate servers, and FastTrack server, a lower cost program designed to enable small business to set up Internet sites quickly.

Microsoft also has its eye on the corporate server market. It recently began giving away free server software, bundled with its Windows NT operating system program, that competes directly with Netscape's FastTrack. Microsoft's BackOffice program competes with Netscape's Enterprise Server, which is part of SuiteSpot.

To counter Microsoft, Netscape has slashed the prices of its new server programs. SuiteSpot programs will sell for about 20 per cent less than the previous generation of Netscape high-end server programs, and FastTrack is priced at \$285, 40 per cent less than its predecessor.

Netscape has been forced to lower its prices by Microsoft's give-away, but Mr Jim Barksdale, Netscape president and chief executive, insisted that the company "can compete with Microsoft or anybody else". Much of Netscape's competition to date has come from "freeware" developed by college students, he pointed out.

He implied, nonetheless, that Microsoft's tactics are unfair. "They are pricing below cost and bundling the software with their operating system," he said - although he declined to comment on whether he had contacted the US Justice Department's anti-trust division, which has been keeping a close eye on Microsoft over recent years.

Mr Barksdale would prefer to avoid conflict with Microsoft. The server market "is a big ocean with a lot of room. Everyone can get out there and run their battleships around without running into one another," he said.

Already, however, Netscape and Microsoft are trading blows via their Internet Web pages, where they are attacking each other's products.

Other software industry leaders - including Mr Larry Ellison, chairman and chief executive of Oracle, the leading database software company - have entered the fray. Mr Ellison charges that Netscape is attempting to foment proprietary software on the Internet as it attempts to become "the next Microsoft".

"It's not true," says Mr Andreessen. "There will never be another Microsoft, any more than there will ever be another IBM." Neither is it Netscape's goal to overthrow the "Wintel" (Microsoft Windows and Intel microprocessors) standards for desktop computing. Mr Barksdale said. The company is, however, challenging Microsoft's lock on the market.

Netscape SuiteSpot offers users freedom of choice: to choose their operating environment, to choose the database they want to use for managing their data. Mr Andreessen said. Ultimately, Internet applications could displace Microsoft's top-selling programs such as its Word word processor, he predicted with a grin.

The companies are also head-to-head in the market for Internet browser software. Netscape yesterday signed an agreement with CompuServe, giving subscribers to the online information service the option to use Netscape's Navigator program.

The deal represents a significant win for Netscape in the face of competition from Microsoft. But Netscape and Microsoft are both still wooing America Online, the largest online information service - each trying to persuade AOL to adopt its browser.

See Lex

Regal's revamped bid wins chain

By David Blackwell

Regal Hotel Group has reached agreement to buy 80 hotels from the White Hart chain which Granada acquired as part of its £3.9bn takeover of Forte in January.

The price was not disclosed, but is understood to be close to the £120m which Regal initially agreed to pay Forte for 67 of the 72 hotels.

Granada, the TV and leisure group, said it had not wished to inherit the Forte contract and would have been happy to retain the hotels. It had agreed a sale after Regal had restructured its offer.

However, Granada has retained the right to withdraw if Regal cannot secure the necessary financing. Mr Charles Vere Nicol, chief executive of Regal, said yesterday that bankers and institutions had shown a high level of confidence in the deal.

He described the negotiations, which ended late on Thursday night, as "very keen".

The acquisition will quadruple the size of Regal, founded in 1993 with three hotels, and Mr Vere Nicol said the financing would be a sensible balance between debt and equity.

This is Granada's first disposal of Forte assets since the takeover. It appears to have improved the original terms by retaining several hotels that can be fitted in with its other brands such as Posthouse.

Granada is planning to make much larger disposals in the shape of the Exclusive and Meridian chains.

Regal yesterday reported pre-tax profits of £733,000 to £2.9m for 1995, on sales ahead from £7.7m to £18.1m, including £7.4m from acquisitions. Earnings per share rose 80 per cent to 3.35p and a dividend of 0.5p is proposed.

Mr Vere Nicol, who is aiming to build a strong presence at the smaller end of the three-star provincial hotels market, said that operating profits per available room were 41 per cent up at £5.38. The figures showed that "this end of the market can produce jolly good and respectable profitability."

large sums in the stadium and the team without the two sources of funds that sustain many similar-sized British clubs: a stock market listing (Manchester United and Tottenham Hotspur) or a multi-millionaire benefactor (Newcastle United and Blackburn).

Instead, the money has come from a wide variety of sources: a bond issue; leasing out luxury boxes; a football trust grant; annual profits (all of which are ploughed back into the club); occasional player sales; and modest bank borrowings. As Mr Hill-Wood says: "We try not to borrow money if we can help it."

It is this innate conservatism which has persuaded Arsenal's management that a stock market flotation is not in the club's best interests. Despite the access to capital a listing would provide.

"We looked at it [a flotation] quite seriously a few years ago, and we were advised not to," says Mr Hill-Wood. That advice came from the company's stockbrokers, who concluded that Arsenal did not need to go public because the club was in no real need of fresh capital.

European competition next season. Reaching Europe is vital to every big club, and Arsenal is keen - for financial as well as footballing reasons - to repeat its European successes of 1984 and 1995.

"Getting to the finals in Europe is really big money," says Mr Hill-Wood. Not qualifying for Europe, as happened to Arsenal after its defeat in the European Cup Winners' Cup final last season, is an expensive failure. "Losing that final was very costly financially as it would have given us another year in Europe and with it possibly another £4m or £5m," says the chairman.

Therefore, the pressure is now on the club to spend more money on new players so that

it can win domestic trophies and return to European competition. Mr Bruce Rioch, its ambitious manager, wants to overhaul the Arsenal squad, but he is reportedly worried the money will not be there to allow him to reshape the team in his image. He may be right.

The club's revenues this year are unlikely to provide the extra cash required because there will be a large hole in its income from broadcasting, advertising and other commercial activities due to the club's absence from Europe.

Gala receipts are unlikely to have increased much from last year's £11m, and there does not appear to be much room for growth in merchandise sales from the club's retail outlets.

"The shops feel to me as though they've reached a bit of a peak," admits Mr Hill-Wood, who is keen to develop the mail order business to make up for any stagnation in shop sales.

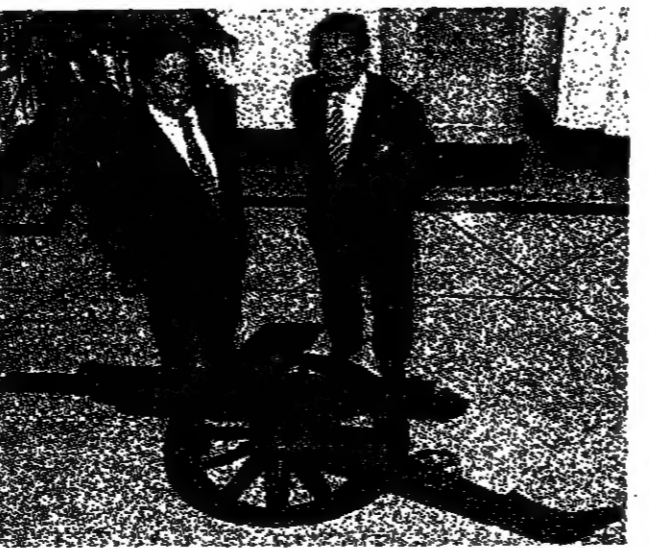
Revenues could be boosted if ticket prices were raised. The average cost of an Arsenal ticket at £12.50 is well below the Premier League average, which suggests there is scope for an increase. Mr Friar says: "We don't want to price people out of the game, but if you're going to buy the big players higher prices will have to be considered."

With its annual revenues of £23m dwarfed by the £80m earned by Manchester United and the £40m-plus earned by Newcastle United, Arsenal will have to find other sources of income if it is to fulfil its manager's ambition of making the club a permanent championship contender alongside the giants of the north.

True, it has £4.8m cash in the bank, but in today's transfer market that might only buy two-thirds of a star striker. So the club faces the prospect of either resorting to another bond issue (unlikely because the last one was so unpopular with fans), inviting a wealthy investor on to the board, significantly increasing bank borrowings, selling some of its best players, or floating the club on the stock market.

None of the options are likely to appeal to the board, but Arsenal may have to shed its famous cloak of financial conservatism if it is to compete with the best of European football in years to come.

Other articles in this series have appeared on February 10, 15 and 24.



Peter Hill-Wood (left) and Ken Friar: 'We try not to borrow'

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BET defence will stress restructuring

By Tim Burt and Geoff Dyer

BET, the business services group, is tomorrow expected to publish a defence document against the £1.9bn hostile takeover bid by UK rival Rentokil, which will dismiss criticism of its management record and financial performance.

The company will urge shareholders to reject Rentokil's cash and paper offer, arguing that it fails to reflect BET's potential value following its aggressive restructuring and debt reduction programme.

The document is not expected to include detailed profits or dividend forecasts. Instead, it will point out BET's growth prospects following the five-year tenure of Mr John Clark, chief executive, during which time the group has rationalised its activities from 180 companies to about 60.

Although the document is likely to suggest that improved cash flow has laid the foundations for a sizeable dividend increase, BET is expected not to reveal its hand on this until later in the bid process.

It will emphasise that management has delivered a 20 per cent increase in operating profits over the last 18 months, in particular highlighting the performance of the textile services division where margins have risen to nearly 17 per cent.

In a separate development yesterday, Rentokil's main shareholder Sophus Berendsen, the Danish holding company, denied it was planning to reduce its stake if the bid succeeded. Under the terms of the offer, it could see its stake in Rentokil fall from 51.8 per cent to about 36 per cent.

A report in Borsens Nyheds, the Danish business magazine, had reported Mr Hans Werdelin, Sophus chief executive, as saying that it might reduce its stake further in the medium term. Last night Mr Werdelin said: "There are absolutely no current plans to sell shares and I cannot foresee the circumstances when we would."

Rentokil is offering nine new shares and 800p cash for every 20 BET shares, valuing them at 196p. There is a cash alternative of 179p/p. BET shares closed down 2 1/2p at 194p while Rentokil shares fell 5p to 346p.

South West Water yesterday fired the first salvo in its defence against a potentially hostile bid from Wessex Water by complaining of the "uncertainty and disruption" that its neighbour's approach would cause over the next few months.

South West said it was willing to consider proposals which fully reflected the value of its businesses, but warned it would defend vigorously the interests of shareholders, employees and customers. It criticised the timing of Wessex's announcement, which came late on Wednesday. Mr Keith Court, chairman, said: "That announcement recognises neither the scale of the challenges that SWW, in contrast to Wessex, inherited on privatisation nor the success of SWW's massive modernisation programme."

Wessex said it had to reveal its intentions on Wednesday because stock market speculation had pushed up South West's share price. The delay between expressing its interest and making a formal bid was inevitable because of the requirement that all offers for water companies must be examined by the Monopolies and Mergers Commission.

Unless the two companies can reach an agreement - and yesterday Wessex said South West had rejected its offer of talks - the "phony war" is likely to last until the MMC rules on the proposed bid. Advisers to the companies do not expect the outcome until early June.

Wessex intends to make an offer for South West shares at a premium to Tuesday's closing price of 508p. Yesterday South West's shares climbed another 8p to 516p, while Wessex rose 3p to 327p.

CDL, listed in Hong Kong, will relate about 38 per cent. It is in turn part of the Hong Leong group of Singapore, controlled by the Kwok family.

Mr Edouard Gremlich, chief executive of Millennium & Copthorne, said the flotation would help to raise the profile of the hotels, which are spread between the UK, US and continental Europe.

They include the Gloucester and the Chelsea Hotel in London and a 42 per cent holding in New York's Plaza Hotel.

Last year the group made operating profits of £34.6m on sales of £158.9m, after adjusting to include the Copthorne group acquired in October - taking the total number of rooms to 6,864. It owns and manages 18 hotels, with management contracts on three.

The hotels are treated virtually as separate companies, leaving the head office with a staff of 28 and a budget of 1.5 per cent of turnover.

Business hotels group plans float

By David Blackwell

Millennium & Copthorne, which has a portfolio of 23 business hotels, is seeking a full London listing next month. The group, a wholly-owned subsidiary of CDL Hotels International, is expected to be valued at about £350m.

It is aiming for a placing with institutions to raise £150m, including £100m of new money which will be used to reduce debt of £233m at the year-end. Flotation would cut gearing to about 35 per cent.

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Conservatism stifles the Gunners' fire

In the last in a series on football club finances, Patrick Harverson takes a look at Arsenal

Mr Peter Hill-Wood, chairman of Arsenal, has been in football long enough to know that even the most business-minded of club directors can be lulled by the sport's intoxicating passions.

"In some ways football is not that different to other businesses," says the former Hambros banker. "Your income still has got to exceed your outgoings. The difference, however, is that it's very instant and very emotive. The heart rules the head too often in this game."

No one can level that charge at Arsenal, where the head has held sway over the heart for the best part of a century. There may be bigger and more profitable clubs in British football, but there are few that are more financially secure.

"I can't ever think of a time when we have not made an operating profit," says Mr Ken Friar, Arsenal's chief executive and a 40-year stalwart at the north London club. Last year the club made a trading profit of £24m, of £8.8m after player transfer fees it still showed a pre-tax profit of £1.9m.

Yet it is not as if the club is quite as frugal as the team's famously stingy defence of the 1980s and early 1990s. The redevelopment of Highbury stadium has just been completed at a total cost of £31m, and in the past year another £12m has been spent on buying new players. Then there was the £1m spent last year on a new £1m spent last year on a new goods warehouse for Arsenal merchandise.

It has been able to invest

large sums in the stadium and the team without the two sources of funds that sustain many similar-sized British clubs: a stock market listing (Manchester United and Tottenham Hotspur) or a multi-millionaire benefactor (Newcastle United and Blackburn).

Instead, the money has come from a wide variety of sources: a bond issue; leasing out luxury boxes; a football trust grant; annual profits (all of which are ploughed back into the club); occasional player sales; and modest bank borrowings. As Mr Hill-Wood says: "We try not to borrow money if we can help it."

It is this innate conservatism which has persuaded Arsenal's management that a stock market flotation is not in the club's best interests. Despite the access to capital a listing would provide.

"We looked at it [a flotation] quite seriously a few years ago, and we were advised not to," says Mr Hill-Wood. That advice came from the company's stockbrokers, who concluded that Arsenal did not need to go public because the club was in no real need of fresh capital.

European competition next season. Reaching Europe is vital to every big club, and Arsenal is keen - for financial as well as footballing reasons - to repeat its European successes of 1984 and 1995.

"Getting to the finals in Europe is really big money," says Mr Hill-Wood. Not qualifying for Europe, as happened to Arsenal after its defeat in the European Cup Winners' Cup final last season, is an expensive failure. "Losing that final was very costly financially as it would have given us another year in Europe and with it possibly another £4m or £5m," says the chairman.

Therefore, the pressure is now on the club to spend more money on new players so that

it can win domestic trophies and return to European competition. Mr Bruce Rioch, its ambitious manager, wants to overhaul the Arsenal squad, but he is reportedly worried the money will not be there to allow him to reshape the team in his image. He may be right.

The club's revenues this year are unlikely to provide the extra cash required because there will be a large hole in its income from broadcasting, advertising and other commercial activities due to the club's absence from Europe.

Gala receipts are unlikely to have increased much from last year's £11m, and there does not appear to be much room for growth in merchandise sales from the club's retail outlets.

"The shops feel to me as though they've reached a bit of a peak," admits Mr Hill-Wood, who is keen to develop the mail order business to make up for any stagnation in shop sales.

Revenues could be boosted if ticket prices were raised. The average cost of an Arsenal ticket at £12.50 is well below the Premier League average, which suggests there is scope for an increase. Mr Friar says: "We don't want to price people out of the game, but if you're going to buy the big players higher prices will have to be considered."

With its annual revenues of £23m dwarfed by the £80m earned by Manchester United and the £40m-plus earned by Newcastle United, Arsenal will have to find other sources of income if it is to fulfil its manager's ambition of making the club a permanent championship contender alongside the giants of the north.

True, it has £4.8m cash in the bank, but in today's transfer market that might only buy two-thirds of a star striker. So the club faces the prospect of either resorting to another bond issue (unlikely because the last one was so unpopular with fans), inviting a wealthy investor on to the board, significantly increasing bank borrowings, selling some of its best players, or floating the club on the stock market.

None of the options are likely to appeal to the board, but Arsenal may have to shed its famous cloak of financial conservatism if it is to compete with the best of European football in years to come.

Other articles in this series have appeared on February 10, 15 and 24.

Siebe market share improves

Siebe, the international controls and appliances manufacturer, yesterday issued a bullish trading statement despite patchy conditions in some of its main markets.

The company, which is expected to report increased pre-tax profits of about £330m (£275.1m) this year, said its market share and order backlog was rising even though demand for temperature and appliance controls was generally flat in North America and weakening in continental Europe.

This formal notice is issued in compliance with the requirements of and has been approved by the London Stock Exchange. Application has been made to the London Stock Exchange for all the "C" shares of Herald Investment Trust plc (the Company) to be admitted to the Official List. A prospectus relating to the Company in accordance with the listing rules made under Section 142 of the Financial Services Act 1986 ("the Prospectus") which has been published on 9 March 1996 contains full details of the business of the Company.

The Company is offering up to 30,000,000 "C" shares by way of a placing and open offer at 100p each, payable in full on application. Neither the placing nor the open offer have been underwritten and both are conditional on the passing of a special resolution of the Company and on the listing of the "C" shares on the London Stock Exchange.

HERALD INVESTMENT TRUST plc
(Incorporated in England and Wales under the Companies Act 1985, Registered Number 2679720)

Herald Investment Trust plc is designed to achieve capital appreciation through investments in smaller quoted companies in the area of communications and multi-media.

Placing and Open Offer
sponsored by
SBC Warburg
A DIVISION OF TWO BANKS CORPORATION

of up to
30,000,000 "C" shares of 25p each
at 100p per "C" share
payable in full on application

Each "C" share will convert into one new ordinary share on the Conversion Date which will not be later than 30 September 1996

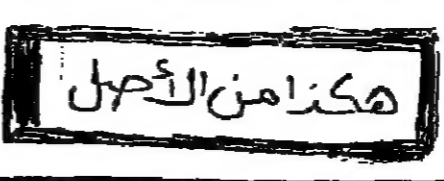
Copies of the Prospectus will be available during normal business hours on any weekday (Saturdays and bank holidays excepted) from the date of this notice up to 11.00 a.m. on Monday, 1 April 1996 from the registered office of the Company and:

Herald Investment Management Limited
99 Charterhouse Street,
London EC1M 6HR

SBC Warburg
1 Finsbury Avenue,
London EC2M 2PP

Copies of the Prospectus may be obtained during normal business hours by collection only from the Company Announcements Office of the London Stock Exchange, London Stock Exchange Tower, Capel Court Entrance, at Bartholomew Lane, London EC2 2 to and including 12 March 1996.

9 March 1996



COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS

Zinc sets trend for LME rally

The zinc market set a trend for base metals when it hit a 10-month high early on Friday morning of US\$1,100 a tonne, and closed only slightly lower at \$1,092 - a rise of \$30. The bullish sentiment was spread by news on Wednesday that Asturiana, the Spanish producer, had transferred a big futures position to Glencore, the Swiss trading group.

Mr Jim Lennon and Mr Adam Rowley, analysts at Macquarie Equities, estimated that between 1993 and now (Asturiana) sold 550,000 to 600,000 tonnes into the market. It can be speculated that this had a significant dampening impact on the price over this period as rallies in the price have been sold into."

LME Warehouse Stocks
(As at Thursday's close)

Aluminium	147,700	to 170,225
Aluminium alloy	4,400	to 75,000
Copper	4,200	to 25,000
Lead	750	to 95,000
Nickel	750	to 37,400
Zinc	1,250	to 100,000
Tin	120	to 9,000

Other base metals followed zinc's strong performance, having started the week on a downward trend. Nickel made a dramatic recovery on Friday, surging from \$7,815 a tonne at Thursday's close to \$8,180 a tonne on Friday. The metal had fallen steadily earlier in the week because of weak demand for stainless steel and investment fund selling.

On Wednesday the copper market was thrown into confusion by an admission from the World Bureau of Metal Statistics that its global copper figures could be wrong. An article by Mr Peter Hollands in the Bloomberg Minerals Economics consultancy's copper briefing newsletter estimated that consumption was over-stated by 20,000 tonnes a month last year. Meanwhile an increase in the copper backwordation - the premium paid for immediate

BASE METALS

LONDON METAL EXCHANGE

(Prices from Anonymous Metal Trading)

ALUMINIUM, 99.7 PURITY (\$ per tonne)

Close	1085-07	1085-07
Previous	1084-45	1084-45
High/Low	1091-51/1081-14	1091-51/1081-14
AM Official	1090-54/1080-54	1090-54/1080-54
Korb close	1089-4	1089-4
Open int.	213,435	213,435
Total daily turnover	60,018	60,018

ALUMINIUM ALLOY (\$ per tonne)

Close	1345-55	1345-55
Previous	1340-55	1340-55
High/Low	1350-55/1335-55	1350-55/1335-55
AM Official	1345-55	1345-55
Korb close	1345-55	1345-55
Open int.	5,120	5,120
Total daily turnover	1,200	1,200

LEAD (\$ per tonne)

Close	787-00	787-00
Previous	784-50	784-50
High/Low	794-50/784-50	794-50/784-50
AM Official	787-00	787-00
Korb close	787-00	787-00
Open int.	30,125	30,125
Total daily turnover	15,622	15,622

NICKEL (\$ per tonne)

Close	9045-65	9135-45
Previous	9045-65	9135-45
High/Low	9110-20/9045-65	9110-20/9045-65
AM Official	9045-65	9135-45
Korb close	9045-65	9135-45
Open int.	41,294	41,294
Total daily turnover	14,691	14,691

TIN (\$ per tonne)

Close	8070-80	8110-20
Previous	8055-80	8055-80
High/Low	8055-80/8110-20	8055-80/8110-20
AM Official	8070-80	8110-20
Korb close	8070-80	8110-20
Open int.	16,044	16,044
Total daily turnover	10,544	10,544

ZINC, special high grade (\$ per tonne)

Close	1085-01	1085-01
Previous	1084-45	1084-45
High/Low	1091-51/1081-14	1091-51/1081-14
AM Official	1085-01	1085-01
Korb close	1085-01	1085-01
Open int.	21,343	21,343
Total daily turnover	6,018	6,018

Its steady recovery was due in part to the market correctly predicting the interest rate cut, according to GNI Research. Rudolf Wolff pointed out that gold's earlier weakness had enticed bargain hunters into the market. It also said traders were expecting the metal to challenge resistance at \$397 after a period of further consolidation.

Investment fund selling also affected wheat, corn and soybeans at the start of the week. Analysts were bemused by the fall in grain futures, which they said was caused by profit-taking and technical indicators rather than an improvement in forecasts for this year's harvest. Prices stabilised towards the end of the week with March wheat on the Chicago Board of Trade at \$5.13 a bushel. Corn and soybeans were stronger on Thursday at \$3.90 a bushel and \$7.19 a bushel respectively.

Oil refiners "just in time" inventory management techniques made their mark on oil prices as refiners scrambled to find supplies. The price of the benchmark Brent blend for April delivery rose strongly during the week, from \$17.44 a barrel on Monday to \$18.30 a barrel on Thursday.

Nick Mayhew-Smith
Deborah Hargreaves

WEEKLY PRICE CHANGES

Commodity	Unit	Change	1995/96
Gold per troy oz.	\$382.50	+2.80	\$381.50
Silver per troy oz.	\$27.30	+0.20	\$27.10
Aluminium 99.7% (cent)	\$1,085.07	+2.5	\$1,082.57
Copper Grade A (cent)	\$2,087.5	+97.0	\$2,090.0
Lead (cent)	\$787.0	+19.0	\$768.0
Nickel (cent)	\$9045.65	+100.0	\$8945.65
Zinc SHG (cent)	\$1,092.0	+30.0	\$1,062.0
Tin (cent)	\$8,180.0	+65.0	\$8,115.0
Cocoa Futures Mar	\$80.0	+1.0	\$79.0
Cocoa Futures Jun	\$80.0	+1.0	\$79.0
Cocoa Futures Sep	\$80.0	+1.0	\$79.0
Barley Futures Mar	\$107.50	+0.70	\$106.80
Wheat Futures Mar	\$115.15	+0.70	\$114.45
Wheat Futures Jun	\$115.15	+0.70	\$114.45
Wheat Futures Sep	\$115.15	+0.70	\$114.45
Oil (Brent Blend per barrel)	\$18.30	+0.86	\$17.44

For more information contact: P. Mervin, 10, Connaught Place, London W1.

PRECIOUS METALS continued

PRICE CHANGES

PLATINUM NYMEX (\$50 Troy oz. \$/troy oz.)

Mar	1115.00	+0.50	1114.50
Apr	1115.00	+0.50	1114.50
May	1115.00	+0.50	1114.50
Jun	1115.00	+0.50	1114.50
Jul	1115.00	+0.50	1114.50
Aug	1115.00	+0.50	1114.50
Sep	1115.00	+0.50	1114.50
Oct	1115.00	+0.50	1114.50
Nov	1115.00	+0.50	1114.50
Dec	1115.00	+0.50	1114.50
Total	1115.00	+0.50	1114.50

PALLADIUM NYMEX (\$100 Troy oz. \$/troy oz.)

Mar	138.50	+2.00	136.50
Apr	138.50	+2.00	136.50
May	138.50	+2.00	136.50
Jun	138.50	+2.00	136.50
Jul	138.50	+2.00	136.50
Aug	138.50	+2.00	136.50
Sep	138.50	+2.00	136.50
Oct	138.50	+2.00	136.50
Nov	138.50	+2.00	136.50
Dec	138.50	+2.00	136.50
Total	138.50	+2.00	136.50

SILVER COMEX (\$500 Troy oz. \$/troy oz.)

Mar	547.50	+8.50	539.00
Apr	547.50	+8.50	539.00
May	547.50	+8.50	539.00
Jun	547.50	+8.50	539.00
Jul	547.50	+8.50	539.00
Aug	547.50	+8.50	539.00
Sep	547.50	+8.50	539.00
Oct	547.50	+8.50	539.00
Nov	547.50	+8.50	539.00
Dec	547.50	+8.50	539.00
Total	547.50	+8.50	539.00

ENERGY

CRUDE OIL NYMEX (\$42,000 US gal. \$/barrel)

Mar	18.04	+0.17	17.87
Apr	18.04	+0.17	17.87
May	18.04	+0.17	17.87
Jun	18.04	+0.17	17.87
Jul	18.04	+0.17	17.87
Aug	18.04	+0.17	17.87
Sep	18.04	+0.17	17.87
Oct	18.04	+0.17	17.87
Nov	18.04	+0.17	17.87
Dec	18.04	+0.17	17.87
Total	18.04	+0.17	17.87

HEATING OIL NYMEX (\$42,000 US gal. \$/barrel)

Mar	18.04	+0.17	17.87
Apr	18.04	+0.17	17.87
May	18.04	+0.17	17.87
Jun	18.04	+0.17	17.87
Jul	18.04	+0.17	17.87
Aug	18.04	+0.17	17.87
Sep	18.04	+0.17	17.87
Oct	18.04	+0.17	17.87
Nov	18.04	+0.17	17.87
Dec	18.04	+0.17	17.87
Total	18.04	+0.17	17.87

GAS OIL NYMEX (\$42,000 US gal. \$/barrel)

Mar	18.04	+0.17	17.87
Apr	18.04	+0.17	17.87
May	18.04	+0.17	17.87
Jun	18.04	+0.17	17.87
Jul	18.04	+0.17	17.87
Aug	18.04	+0.17	17.87
Sep	18.04	+0.17	17.87
Oct	18.04	+0.17	17.87
Nov	18.04	+0.17	17.87
Dec	18.04	+0.17	17.87
Total	18.04	+0.17	17.87

PRECIOUS METALS

LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold (Troy oz. \$)

Close	382.50	382.50
Previous	381.50	381.50
High/Low	382.50/381.50	382.50/381.50
AM Official	382.50	382.50
Korb close	382.50	382.50
Open int.	21,343	21,343
Total daily turnover	6,018	6,018

Silver (Troy oz. \$)

Close	27.30	27.30
Previous	27.10	27.10
High/Low	27.30/27.10	27.30/27.10
AM Official	27.30	27.30
Korb close	27.30	27.30
Open int.	21,343	21,343
Total daily turnover	6,018	6,018

Palladium (Troy oz. \$)

Close	138.50	138.50
Previous	136.50	136.50
High/Low	138.50/136.50	138.50/136.50
AM Official	138.50	138.50
Korb close	138.50	138.50
Open int.	21,343	21,343
Total daily turnover	6,018	6,018

Platinum (Troy oz. \$)

Close	1115.00	1115.00
Previous	1114.50	1114.50
High/Low	1115.00/1114.50	1115.00/1114.50
AM Official	1115.00	1115.00
Korb close	1115.00	1115.00
Open int.	21,343	21,343
Total daily turnover	6,018	6,018

CRUDE OIL NYMEX (\$42,000 US gal. \$/barrel)

Mar	18.04	+0.17	17.87
Apr	18.04	+0.17	17.87
May	18.04	+0.17	17.87
Jun	18.04	+0.17	17.87
Jul	18.04	+0.17	17.87
Aug	18.04	+0.17	17.87
Sep	18.04	+0.17	17.87
Oct	18.04	+0.17	17.87
Nov	18.04	+0.17	17.87
Dec	18.04	+0.17	17.87
Total	18.04	+0.17	17.87

HEATING OIL NYMEX (\$42,000 US gal. \$/barrel)

Mar	18.04	+0.17	17.87
Apr	18.04	+0.17	17.87
May	18.04	+0.17	17.87
Jun	18.04	+0.17	17.87
Jul	18.04	+0.17	17.87
Aug	18.04	+0.17	17.87
Sep	18.04	+0.17	17.87
Oct	18.04	+0.17	17.87
Nov	18.04	+0.17	17.87
Dec	18.04	+0.17	17.87
Total	18.04	+0.17	17.87

GAS OIL NYMEX (\$42,000 US gal. \$/barrel)

Mar	18.04	+0.17	17.87
Apr	18.04	+0.17	17.87
May	18.04	+0.17	17.87
Jun	18.04	+0.17	17.87
Jul	18.04	+0.17	17.87
Aug	18.04	+0.17	17.87
Sep	18.04	+0.17	17.87
Oct	18.04	+0.17	17.87
Nov	18.04	+0.17	17.87
Dec	18.04	+0.17	17.87
Total	18.04	+0.17	17.87

PRECIOUS METALS

LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold (Troy oz. \$)

Close	382.50	382.50
Previous	381.50	381.50
High/Low	382.50/381.50	382.50/381.50
AM Official	382.50	382.50
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Silver (Troy oz. \$)

Close	27.30	27.30
Previous	27.10	27.10
High/Low	27.30/27.10	27.30/27.10
AM Official	27.30	27.30
Korb close	27.30	27.30
Open int.	21,343	21,343
Total daily turnover	6,018	6,018

Palladium (Troy oz. \$)

Close	138.50	138.50
Previous	136.50	136.50
High/Low	138.50/136.50	138.50/136.50
AM Official	138.50	138.50
Korb close	138.50	138.50
Open int.	21,343	21,343
Total daily turnover	6,018	6,018

Platinum (Troy oz. \$)

Close	1115.00	1115.00
Previous	1114.50	1114.50
High/Low	1115.00/1114.50	1115.00/1114.50
AM Official	1115.00	1115.00
Korb close	1115.00	1115.00
Open int.	21,343	21,343
Total daily turnover	6,018	6,018

CRUDE OIL NYMEX (\$42,000 US gal. \$/barrel)

Mar	18.04	+0.17	17.87
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May	18.04	+0.17	17.87
Jun	18.04	+0.17	17.87
Jul	18.04	+0.17	17.87
Aug	18.04	+0.17	17.87
Sep	18.04	+0.17	17.87
Oct	18.04	+0.17	17.87
Nov	18.04	+0.17	17.87
Dec	18.04	+0.17	17.87
Total	18.04	+0.17	17.87

HEATING OIL NYMEX (\$42,000 US gal. \$/barrel)

Mar	18.04	+0.17	17.87
Apr	18.04	+0.17	17.87
May	18.04	+0.17	17.87
Jun	18.04	+0.17	17.87
Jul	18.04	+0.17	17.87
Aug	18.04	+0.17	17.87
Sep	18.04	+0.17	17.87
Oct	18.04	+0.17	17.87
Nov	18.04	+0.17	17.87
Dec	18.04	+0.17	17.87
Total	18.04	+0.17	17.87

GAS OIL NYMEX (\$42,000 US gal. \$/barrel)

Mar	18.04	+0.17	17.87
Apr	18.04	+0.17	17.87
May	18.04	+0.17	17.87
Jun	18.04	+0.17	17.87
Jul	18.04	+0.17	17.87
Aug	18.04	+0.17	17.87
Sep	18.04	+0.17	17.87
Oct	18.04	+0.17	17.87
Nov	18.04	+0.17	

COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
Saturday March 9 1996

Tremors in the bond market

For a moment yesterday investors faced the spectre of a bond market sell-off. US Treasury bond prices dropped three full points after employment figures suggested economic growth had been much stronger in January than had been expected.

Markets elsewhere felt the tremors - shares in London, for example, were at one point down 70 points on the FT-SE 100 index. As in the US, however, international markets recovered their poise later in the day.

Still, the reaction indicates the pressing nature of the question uppermost in traders' minds: is there any more scope for monetary easing in the main developed economies, or is the future path of interest rates now leading upwards?

Lurking behind that question is the bond market's traditional fear at this stage of the cycle - that the monetary authorities have pumped too much liquidity into the banking system, in an attempt to head off a mid-cycle slowdown that was already on the way to curbing itself.

The issue came clearly into focus in Britain even before the US sell-off, with the surprisingly negative response from the financial markets to yesterday's quarter-point cut in base rates.

Whenever Britain's monetary masters have met recently, all has been sweetness and light. The chancellor of the exchequer and the governor of the Bank of England have managed to take the drama out of their monthly meetings. Everyone expected a quarter-point base-rate cut from this Thursday's chat, and - sure enough - it arrived promptly on schedule.

There were no coded messages from the Bank about the unwelcome of such a move, no implicit smirks from Kenneth Clarke about his skill at judging the economy.

Mood music

Yet, despite the soothing mood music, and the predictable nature of the event, the market's initial reaction to the cut was hostile. The short-term futures contract - the most sensitive indicator of market sentiment - moved sharply downwards, implying a reversal of the rate-cut in less than six months.

There are a number of other signs that the financial markets no longer believe the UK economy is heading into a serious slowdown - and therefore no longer needs continued monetary stimulus.

Analysts noted the comments

by the retailer John Lewis that though Britain's consumers have still not acquired the feckless factor, they have at last managed to attain the feel-not-so-bad factor.

The Halifax building society reported that in February house prices edged back above their level of a year earlier, after falling for most of last year. It was the biggest monthly rise in two years.

And smaller UK companies, which are more exposed to the British economy than their higher FT-SE 100 cousins, have outperformed them in recent weeks, after several months of underperformance at the end of last year. Even if investors do not fully share Mr Clarke's confidence that "the economy will carry on improving all the way from now to the election", they are clearly happier about the short-term outlook.

Electoral reasons

The worry, then, is not so much that the UK markets are heading off the edge of a cliff but that they are driving into a cul-de-sac.

Operating earnings of British companies may well be close to their peak. Valuations, though not exaggerated, have little elbow room for comfortable expansion. And if, later this year, economic logic starts to suggest that the next move in UK interest rates will be upwards, Mr Clarke may choose to delay his response for electoral reasons. That would add a distinctive British theme to the worry that the global bond market is now moving decisively towards a bear market.

Rising gilt yields - provoked by such re-awakened fears of political laxity towards inflation or by global trends - would at best limit the scope for further rises in the equity market, at worst provoke a sustained sell-off. And as the election draws closer, political risk becomes a more relevant factor.

Such thinking may be too pessimistic. The underlying health of the economy offers, after all, a solid prop for the equity market, and the bond market is protected from the worst by the absence of inflationary pressures and by Mr Clarke's studied moderation.

Still, the global trend in long term interest rates and the distinctive aspects of the British politico-economic situation, taken together, expose the markets to heightened risks of intermittent upsets.

For Mr Clarke, the message is not entirely a happy one: investors have served notice that further aggressive easing of short-term interest rates is likely to prove counter-productive.

Twin pillars of the old politics

Dole's success in the primaries means that the US presidential contest is likely to return to more conventional themes, says Jurek Martin

It is an amazing testament to the drawing power of the Princess of Wales that she bumped Pat Buchanan, the populist protectionist pundit, off the cover of Time and Newsweek magazines last week - just as the Republican primaries reached their most interesting stage. But next Monday even the photogenic qualities of a global superstar, so important to newsstand sales, may have to take second place to plain old Bob Dole.

Twelve primaries and caucuses, from South Carolina last Saturday through 10 more across the country on Tuesday to New York on Thursday, have left the 72-year-old Senate majority leader from Russell, Kansas, far clear of the field for the Republican nomination. Even Mr Buchanan admitted it appeared "inevitable" that Mr Dole would be the party nominee to run against President Bill Clinton in November.

That will disappoint the pundits and literati who have enjoyed the diversion provided by Mr Buchanan - now more of a cause than a candidate - and, to a lesser extent, Mr Steve Forbes, the millionaire publisher. Whichever the reading eye roved this week, from the New York Review of Books on the left, through the New Republic in the neo-middle, to the Weekly Standard on the right, it was Mr Dole's challengers who consumed most of the ink, and airtime as well.

But now even these two, a pair of writers who have never held elected office, have been consigned to the status of noisy minority. Gone from the Republican contest are Lamar Alexander, former governor of Tennessee, and Senator Dick Lugar of Indiana, both bowing out with endorsements of Mr Dole.

It is not inconceivable that Mr Buchanan or Mr Forbes can pull off an upset in primaries to come, just as Gerald Ford, Jimmy Carter, Walter Mondale and Bill Clinton, all short-odds favourites, experienced defeat late in the primary season before claiming the nomination. Only the unresolvable, such as a breakdown in his health, can now deny Mr Dole that honour.

He is the very antithesis of all that is new, trendy and idea-driven in US politics - a disbeliever in most of the Contract with America, the Republican manifesto drawn up for the 1994 Congressional elections by Newt Gingrich. He is proud to be an old-fashioned Washington politician at a time when much of the country views the capital as little better than a den of thieves and incompetents.

This is the wounded second world war hero who could not even win a serious primary in 1980 and 1988 and was a drag as vice-presidential candidate on Gerald Ford's election ticket in 1976. But there is no populist, libertarian or other radical reformer - all important elements in the recent evolution of the Republican party - apparently able to stop him now.

In fact, as it stands on the always shaky ground of the present, the November election could be positively conventional. That prospect



itself is almost revolutionary after the political upheavals of the last four years, which put an obscure southern governor in the White House and a breed of radicals in charge of the Congress.

From one corner will emerge Mr Dole, the standard-bearer of the old Republican establishment. From the other comes Mr Clinton, 33 years his junior, around whom the fissiparous factions of the Democratic party have now rallied.

Their confrontation could be complicated by a third party or independent candidacy. Pat Buchanan has not ruled one out if the Republican platform ditches his right-to-life stand. Ross Perot is making noises not dissimilar to those which preceded his 1992 campaign. And Ralph Nader, the veteran consumer activist, is already petitioning to get on the November ballots. Poll after poll reveals a public not enthralled at the prospect of a choice between Mr Clinton and Mr Dole. But there is

no potential political heavyweight - no Colin Powell, no Bill Bradley - chopping at the bit. A CBS TV programme on Thursday saw talking heads waxing eloquent about the virtues of a ticket joining the retired general and the retiring Democrat senator from New Jersey - but their thinking was wishful.

A Clinton-Dole race invites historical comparisons. The most obvious - which Mr Dole will not like - is with 1994, when Walter Mondale, a Democratic party elder, was the sacrificial lamb on the altar of the incumbent president, Ronald Reagan. The consolation is that Mr Reagan was on his way to attaining a popularity that Mr Clinton cannot match, even in his wildest dreams.

Mr Mondale was also very much the captive of Democratic orthodoxy, then dominated by its liberal wing - even to the point of being honest enough to say that higher taxes might be necessary. Mr Clinton is a more eclectic and elusive

politician, and a far better campaigner. Mr Dole still has to knit together the very different threads of the modern Republican party into a sweater that all can wear.

Over the past 10 days he has pretty much defined the cardinal points of his candidacy. Having been dragged to the right by Mr Buchanan for months, he is now preaching the virtues of a middle ground on which all Republicans can stand. His language is unrecognisable to Mr Gingrich's Contract with America, except insofar as balancing the federal budget stands out as the centrepiece.

Mr Clinton, of course, has also signed up to the principle of a balanced budget, but not to the Republican details. He will counter that no budget is worth balancing mostly at the expense of the poor, the young and the old.

The proper role of government will be a hot topic, with battle lines already most sharply drawn over

education. The Republican primaries - with Mr Dole dissenting not a word - revealed the department of education on top of the conservative hit-list as the embodiment of all that is considered un-American in big government - specifically its Goals 2000 programme. Mr Clinton believes the programme, designed to raise standards in core curriculum subjects, is indispensable to produce the sort of literate and technologically competent labour force necessary for the economy to be competitive in the 21st century.

Mr Dole, having labelled Mr Alexander as "a tax-and-spend liberal", will try out the same trusted Republican line on Mr Clinton. They will compete for the law-and-order market. The majority leader will assault the president's "weak and incompetent" foreign and trade policies, even though, from Bosnia to Galt, he has supported several of them in the name of bipartisanship.

Mr Boutros Boutros-Ghali, in the final year of his first term as secretary-general of the United Nations, will be an easy villain in the Dole campaign against internationalism-run-amok. Mr Clinton will probably counter by refusing to say who he wants to take over the UN hat seat, thereby keeping the rest of the world waiting. He will also keep his fingers crossed that the hard men of the Balkans, Ireland and the Middle East do not mess up his foreign policy initiatives.

The race will also turn on personalities. From one side, it will be good old honest army Bob against Whitewater-tainted, skirt-chasing, draft-dodging Bill. From the other, youth versus age, new visions against old ideas, the future or the past. That might seem to favour Mr Clinton but for his character and record inspiring an extraordinary degree of outright loathing and mistrust.

Before the country votes, they will meet in public debate, an event logically more tailored to the skills of a president who speaks in paragraphs than a majority leader who has problems getting beyond a half-sentence, acerbically witty though they sometimes are. But Ronald Reagan did not need to say that much to beat the loquacious Jimmy Carter in their pivotal verbal joust just before the 1980 election.

The electoral college, which ultimately picks the next president, may be of greater concern to Mr Clinton, offsetting the optimism generated by his lead of between 10 points and 20 points in public opinion polls. In 1992, he carried 32 of the 50 states, plus the District of Columbia, against George Bush, the incumbent president, but several of them, not only in the south, have since moved to the right. Still, a compilation of state polls in The Hotline political newsletter this week gave Mr Clinton a comfortable majority in the college.

Not that Mr Dole will mind this. He is used to uphill struggles, and would gladly have waited until the second Monday in November for an appearance on the magazine covers.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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Failure of EU parliaments

From Mr Robin Teverson MEP.
Sir, British ministers are right to identify a greater role for decision-making in European decision making as a priority for the intergovernmental conference ("Britain to harden stance on European powers", March 5). But one has to doubt their sincerity. The UK has led the way in secretive and unaccountable forms of European politicking, its ministers only ever "consulting" MPs after the fact. Sadly, parliament has conspired in its own exclusion, seemingly content to play the ministers' poodle.

But the problem is not unique to the UK. After decades of European integration parliaments across the EU have failed to control what their ministers do in Brussels. Now it is nothing less than a governmental plot to suggest that the choice is between giving more power to national parliaments, and giving it to the European parliament - the real choice is between accountability and untrammelled executive arrogance.

Alongside the IGC there should be an inter-parliamentary conference, bringing together MPs from every member state, with a view to a common strategy on holding ministers to account. Euro-MPs could attend too, to discuss their similar role vis a vis the European Commission.

At one stroke this would promote greater transparency (to use the jargon) and bring Europe nearer to its citizens.

Robin Teverson,
European Parliament,
97 Rue Belliard,
1049 Brussels, Belgium

India should not be overlooked in growing closeness of Europe and Asia

From Dr Smritendu Roy.
Sir, I read with great interest your editorial ("Asia and the EU", March 4), which was critical about the results of the Asia-Europe summit in Thailand. But what I missed was some critical comment on the composition of the region "Asia". There were 10 Asian countries which participated in the summit: the ASEAN countries, plus China, Japan and South Korea. India was not invited to join the club, although it is becoming a leading political and economic factor in the region.

The multinationals see India as a great opportunity. There are three factors encouraging them. The first is the potential size of the Indian market (900m people), which is of strategic importance. The second is that all political parties in India favour liberalisation and foreign investment in one form or another. And the third is that India has a huge backlog demand for infrastructure investment. Moreover, the foreign investors in India enjoy legal recourse against arbitrary political action, something not readily available to, say, China and some other countries in the

region. This recalls the opening in Delhi of the Kentucky Fried Chicken food chain. Above all, there is no doubt about the closeness of India to Europe and European values compared to many countries in the region, to whom Europe is paying more attention than to India.

Smritendu Roy,
president,
Rhein-Main Bengali Cultural Association,
Dietschheimer Strasse 27c,
63073 Offenbach,
Germany

Economic groups are snapshots, not reality

From Mr J.P. Read.
Sir, Congratulations to Michael Frowse for pointing out that the economic groups beloved by politicians and the media do not in reality exist, except in so far as they are simply snapshots at a moment in time of people who at that moment appear to have similar economic characteristics ("Upwardly mobile", March 4).

No doubt someone could show with a suitably modelled computer programme that if we all start with

nothing, as we do, and we all had identical incomes and saved exactly the same proportion of our income, it could be proved that different groups would have widely different wealth, simply because such wealth would build up steadily during a life so that the vast bulk would be owned by those above the age of 65. In the real world, of course, some people like to save more, others like to spend more, many try to make more and an even larger number either struggle or lose.

This indicates that equality on close analysis is frequently used in meaningless ways and, more importantly, that wise government depends more on direct observation of what is causing change, rather than gathering statistics.

J.P. Read,
St Anne's,
8 Turner Drive,
London,
NW11 6TX,
UK

Nuclear levy could fund home insulation jobs

From Ms Andrea Cook.
Sir, In your editorial "Green Labour" (February 25), you report that Labour leader Tony Blair did not explain how an extensive home insulation programme, which could create 50,000 jobs, would be paid for. Funding could be met by the

£1.2bn raised each year through the nuclear levy on electricity, which is due to be phased out by 1998. By retaining this levy, NEA estimates that affordable warmth for Britain's 8m low-income households could be achieved by 2010. This would effectively meet social and

environmental obligations and improve housing and health.

Andrea Cook,
director, NEA,
St Andrew's House,
90-92 Pilgrim Street,
Newcastle upon Tyne, UK

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Man in the News • Daniel Vasella

Triumph of an ingenue

Daniel Green on the doctor-turned-executive who is to head Novartis

When Daniel Vasella, a 32-year-old doctor at Bern University Hospital, Switzerland, bought a financial newspaper in 1986 to try and understand the global stock market boom, he found he did not understand a word of it.

This week he made the headlines in the financial press when he was named president of Novartis, the world's second biggest drugs company. The result of the merger of the Swiss drugs giants Sandoz and Ciba, the combined business has annual sales of \$21.6bn (£21.6bn) and is valued at almost \$90bn (£52.6bn) on the Zurich stock market.

Vasella now has to weld together two companies that have been rivals on opposite banks of the Rhine in Basel for more than a century. One tenth of the 194,000-strong workforce around the world will go. Two new chemicals companies, not seen as core businesses, will be sold.

They are challenges to dare the most hardened businessman, but Vasella is not fazed by the prospect. "I did a lot of psychiatry which helped me realise how people, including me, can change," he says. He lowers his voice: "I'm still interested in psychology, you know."

Soft-spoken with a gentle American twang when speaking English, Vasella is quick to chat and smile. His disarming

charm and informality contrast with the usual manner of Swiss business executives.

But a hardness lies close to the surface. "Job cuts are like surgery. You know it hurts but that it will do some good. The worst is to cut slowly and not deep enough."

He has brought a slice of US business culture to Sandoz, one of Switzerland's big three pharmaceuticals companies, and once seen as the most conservative. He was the first in the company to make presentations to investment analysts. He published financial results internally and he encourages informality and openness in the organisation.

"It's easy once you demonstrate that being more open doesn't hurt," he says.

He learned such methods during more than four years working for Sandoz in the US. He joined the company in 1988, rejecting a place at Insead, the highly regarded business school in Fontainebleau, south of Paris.

The job offer had come after he wrote to Max Link, then chief executive of Sandoz, for advice on whether to abandon

his medical career. Link invited Vasella to lunch and was impressed enough to offer him a traineeship if he would go to work in the US.

Three months later he was shown into an empty office in Sandoz's US offices in New Jersey. "It was a disaster. They didn't know what to do with me," says Vasella. "They thought I was a spy from head office."

He was sent out as a salesman, peddling anti-depressants and heart drugs to doctors short of time. "It was the hardest job I ever had, to go and ask people for business," he says. He was helped, he says, by being able to reminisce with the well-heeled US medical profession about Swiss mountain holidays.

As part of the traineeship rotating jobs, he went to the New York office to work in the finance department under Raymond Brou, later to become finance director at Sandoz - and now at Novartis. It was a disheartening experience. "I worked like crazy. At the end of it Brou said 'you did a good job', that's all," he says.

Vasella went back to sales

as a product manager looking after the cancer drug Sandostat. Two years later, in 1991, he was promoted to product director, with responsibility for a group of drugs. The man who was once a financial ingenue thought his career in the US was made.

Then, in 1992 came a call from Basel for someone with US experience to help revamp the company's drug development activities - a crucial part of a drug company's profitability. With a successful drug making sales of \$1m a day or more, development of a new product must be a fast and efficient process. Researchers search for promising drugs in laboratories, and developers take their discoveries through the five years of testing required by regulators. Every hour saved in development is worth a fortune.

Vasella was instrumental in separating research from development within the Sandoz organisation, a strategy considered radical at the time. It has since become the norm: Sir Richard Sykes, for example, did the same in 1993 as chief executive of Glaxo.

The success of that project marked out Vasella for the first time as a man to watch. He became head of corporate marketing, where in 1993 he initiated a strategic review that led to a series of disposals. He became chief executive of Sandoz pharmaceuticals, the biggest of the company's three divisions.

The final step to the top seat at Novartis was logical, given the retirement of other top executives.

Vasella's success has long been suspected outside and inside the company as related to his family connections: his wife is niece of Marc Moret, the Sandoz chairman. Vasella dismisses the suggestion, saying that when he married in 1978, he was a medical student with no ambitions other than to be a doctor. He says Moret played no part in his career until the job of pharmaceuticals chief executive came up.

Vasella says he is still driven by the motives that made him want to be a doctor. Novartis has businesses in seeds agrochemicals and nutrition - Sandoz bought the Gerber baby food company in 1993

- as well as medicines. "From plants to food to healthcare, this is about the wellbeing of human beings," he says without a trace of self-consciousness.

Despite his claim to the moral high ground, he makes no excuses for the huge profits made by drugs companies. "I'm giving you, the customer, something that will help you. How much do people spend on cigarettes or cars? How much do governments spend on weapons? If you are prepared to pay what I ask, then I deserve the maximum profit. The day my product can't justify the price, don't buy it. Send me to hell!"

Vasella has a tremendous appetite for work. For the merger, he did his own financial projections on his own computer. By yesterday, after a fortnight of 18-hour days hammering out the details of the deal, he was pale, tired and booked on the evening Concorde to New York for another round of presentations.

The aircraft will carry him back to home territory as far as his business philosophy is concerned. Vasella has built a cultural bridge between Switzerland and the US. With Americanism comes shareholder value, fast decision-making, bids, deals and corporate alliances. The ways of doing business within the Swiss pharmaceuticals industry may, this week, have changed.



Philip Stephens

Best candidate the Tory party never had



In the Tory party it is still the most serious game in town. Never mind the general election. Bet instead on who will replace John Major once the votes have been counted. It is a game usually played on the assumption that the prime minister will lose. But even if Mr Major confounds the odds and wins, no-one expects him to stay in 10 Downing Street for more than a year or two beyond the election.

So it was no surprise that Chris Patten's confirmation from after this week that he might yet throw his own hat into the ring caused such a stir at Westminster. The warmth of Mr Major's endorsement of the potential candidacy of his long-standing ally is destined to keep the story running.

Separated by 8,000 miles from the scheming and intrigue on the Tory backbenches, Mr Patten, the Hong Kong governor, is perplexed by all the fuss. He considers that his comments to the political journalists accompanying Mr Major on his trip to Hong Kong last weekend were little more than a restatement of sentiments he has expressed 100 times before. He is keen to restore some perspective.

His starting point is that he is determined to remain in Hong Kong until June 30 1997, the date of the territory's handover to China. It is a question of honour as well as of sensible administration. So, despite several attractive offers from Tory constituency associations, Mr Patten will not fight a seat at the general election next spring.

As it happens, the governor thinks that there is life beyond Westminster. He has no intention of spending the first months of his return scurrying round the country looking for a seat that he might win in a by-election. More likely, he will write a book, pulling together some of his experiences in both Asia and Europe of the relationship between democracy and economics.

That said, Mr Patten is still interested in politics and in the future of the Tory party. If he would be extraordinary if he were not after 30 years in the business. And at 51, he can hardly be classed as too old. But a return to mainstream politics, a pitch for the leadership? That will depend on circumstances that he, nor Mr Major, can neither predict or control.

Real as they are, the caveats and uncertainties are unlikely to quell the speculation. For the truth is that, as certain as the sun, Mr Major's tenure is nearing its end, there is not the slightest consensus on a successor.

A year ago Michael Portillo was the obvious favourite. The most convincing figure on the Eurosceptic right, he remains a strong contender. But his support has been eroded by John Redwood and by his own failure to build a base beyond the red wing. On the pro-

European left of the party it is being said that if Mr Portillo were to win the leadership, the recent trickle of defections to Labour and the Liberal Democrats would turn into a torrent. There is no obvious candidate, though, of the centre. Kenneth Clarke's unapologetic defiance of the tide of Euroscepticism probably disqualifies him. Malcolm Rifkind has been positioning himself. Stephen Dorrell cannot be ruled out. Ian Lang might run. And if the criteria were competence and commonsense, Gillian Shephard would be a favourite.

Amid the uncertainty, Mr Patten looks a compelling choice for those in the party who fear that Mr Major's departure could preface an uncontrolled lurch to the anti-European right. He is an intellectual, but one who demonstrated as party chairman during the last general election campaign that he can also mix it on less elevated territory. He is principled but pragmatic. The intense scrutiny he has faced in recent days is testimony to the fact that the right sees a real threat.

The governor also has a political prospectus. His roots are those of a one-party Tory. If it ever came to a choice between, say, Mr Clarke or Mr Portillo, he would not hesitate for a millisecond before backing the chancellor. But during his time away his thinking has moved on.

He has not fallen captive to the facile notion that Britain can succeed in the 21st century only by importing wholesale Asian values and economics. He is no slash-and-burn merchant. But he does see the case for shrinking the size of the state, for a more visible link between tax and spending, and for radical reform of the social benefits system. He is reluctant to put a figure on it, but he would be happy to see the government spending 35 per cent of GDP on social security.

His views on Europe have also changed. He would still happily wear the label of a European Christian Democrat. But from the perspective of an outsider he finds it hard to understand why Europe seems obsessed by the timetable for a single currency. In his mind, enlargement to the east, competitiveness, employment, all rate a higher priority.

His enemies suspect a plot, an opportunistic shift to persuade the party that he could lead it from the centre-right. Mr Patten's retort is that it would be crazy if he had learned nothing from his experience in the most vibrant region of the world. And, if he was that unprincipled, why on earth had he spent an unpleasant four years attempting to secure a measure of democracy in Hong Kong?

Such arguments will rage up to and beyond the next election. As long as there is even a small possibility that Mr Patten might return to Westminster, he will loom large in the speculation about the succession. But the odds must be taken. But the odds must be taken. But the odds must be taken. But the odds must be taken.

Many Israelis and Palestinians fear peace hopes are fading, say David Gardner and Julian O'zanne

Dangerous race against time

Rising from a wave of horrific Islamist suicide bombings on the streets of Jerusalem and Tel Aviv, Israel seems a country at war, not a nation more than midway to peace with its Arab neighbours.

In scenes reminiscent of the worst days of Arab-Israeli conflict, Israeli soldiers have raided Palestinian institutions, sealed and dynamited the family homes of suspected bombers, arrested scores of Islamic fundamentalists and placed many villages under 24-hour curfew. Tanks have also been sent into the West Bank.

Inside Israel, thousands of extra troops and police have been placed at bus stops and along main roads, confirming fears among Israelis that they are a people under siege whose very survival is at risk. Throughout the week, in tearful candle-lit vigils at the charred sites of the bomb blasts, Israelis mourned their dead.

"We feel anger, we feel nervous and we feel pain," said Ronni Ayut, a Jerusalem shopkeeper. "We feel helpless; who is going to be next? Maybe it will be me."

In Gaza, embattled Palestinian President Yasser Arafat, told by Israel that this is his last chance to save the peace process by proving he can guarantee Israeli security, has declared a state of emergency. His security forces have raided Islamic schools, offices and mosques, confiscating documents and weapons and arresting more than 500 people, provoking fears of a Palestinian civil war.

The blockade by Israel of self-governed Palestinian areas has thrown tens of thousands out of work, crippled businesses and is leading to real hardship. "We are fed up," said Mr Abu Isa, a retired UN administrator. "I was looking for floor today and can't find any. The coming days will be tough, because our source of life is from Israel."

Many Israelis and Palestinians fear the chance of peace between them is slipping away, and that the fall-out from the terror campaign will put a regional settlement beyond reach. The peace agreement "is in critical condition," said Mr Shimon Shitreet, religious affairs minister. "Either we operate on it and save it or this operation will not succeed and this agreement dies."

By their own confessions on Israeli television, extremists from the Hamas movement responsible for the bombings have been trying to destroy the peace process. They want to undermine Israeli support for it and wreck the electoral chances of Israeli prime minister Shimon Peres and his Labour-led coalition at national elections on May 29. They want the right-wing Likud opposition party, which is against the peace process, to win in the hope of blocking reconciliation between Arab and Jew and rekindling a regional conflict.

The political wing of Hamas does not want a return to generalised violence, fearing a backlash against it by Palestinians weary of being under siege. But it can do little to rein in its hard men, whose campaign could decide an election which will turn on Israel's personal security.

Mr Peres and Mr Arafat know their political futures rest on being seen to crush terrorism ahead of the election. "We are a quarter of an hour from peace and this is the most dangerous quarter hour," Mr Peres said. "I feel very alone. These are very difficult days. (there is) tremendous weight on my shoulders, every decision is important, every thought is important. I call this chair, here in the prime minister's office, the electric chair."

The fears over Middle East peace spread quickly through-



Palestinian schoolchildren carrying Arabic signs calling for an end to violence demonstrating in a Bethlehem street this week

out the world. The Italian, French and German foreign ministers have visited Israel in the past week and US President Bill Clinton is expected next week. A US and European Union-backed summit on terrorism is being called in Egypt next Wednesday, in an attempt to form an internationally backed regional coalition against the bombers.

Mr Peres needs the support. The bombings destroyed his 15-point lead over Likud leader

Mr Benjamin Netanyahu. Polls show Mr Netanyahu now leading Mr Peres for the first time since the prime minister assumed office last November. Two have given Mr Netanyahu 48 and 49 per cent compared to Mr Peres's 46 per cent. Labour party officials yesterday were relieved his popularity had not crumbled even further. Furthermore, recent polls have shown that despite the bombings more than half the public still supports the peace pro-

cess. Mr Danny Ben-Simon, a commentator on Labour's Dava newspaper, argues that "the Israeli public reaction was very mature and restrained. There has been no lynch-mob atmosphere. There is strong support for the peace process despite differing views on whether Peres has done enough to fight terrorism."

With elections more than two months away, Mr Peres still has everything to play for. He is carefully orchestrating events designed to save his government and the peace process. Mr Clinton's visit, his third to Israel in 18 months, should increase Mr Peres's stature in a country where the US is seen as its only solid ally and hostility between the US and the previous Likud government was a factor in its defeat.

Mr Arafat's promise to annual clauses in the Palestinian charter calling for the destruction of the state of Israel by May 2 will also help lift Mr Peres's campaign. Mr Peres is also capitalising on Israeli fears of further Islamist terrorism to promote the idea of a physical separation between Arab and Jew. In practice, this requires negotiations on final borders between the two peoples and on Palestinian statehood which can only be achieved by continuing the peace process.

But any further bombings could end his chances of electoral victory, and throw the Middle East peace process into confusion. Mr Netanyahu has ruled out any territorial concessions to Syria, an essential element in an Israeli-Syrian peace package. He says he would freeze the peace process, send more forces into the West Bank to ring Palestinian-ruled towns and refuse to negotiate directly with Mr Arafat.

Mr Netanyahu's views might

change if he were to take office, it was, after all, a Likud government which made peace with Egypt in 1979. Yet any move backwards would certainly and Israel ambitions for normal relations with the Arab and Islamic world, revive regional instability, and torpedo hopes for the economic integration of the Middle East. Israel's neighbours would also feel the shock, particularly if the Palestinians - their hopes of a state on the West Bank dashed - were to relaunch their struggle against Israel.

Jordan, where a majority of the population is of Palestinian descent, would be most affected, despite its 1994 peace treaty with Israel. Already there is widespread hostility to "normal" relations with Israel. Many were scandalised by King Hussein's emotional speech at the funeral of Mr Yitzhak Rabin, the Israeli prime minister assassinated by a Jewish religious fanatic.

There would be little prospect of peace with Syria, which hosts 10 "rejectionist" groups. It largely controls Lebanon, where Israel still has a battle on its hands against the Iran-backed Shi'ite fundamentalist militia Hizbollah, which is fighting to evict Israeli forces from southern Lebanon.

Egypt, too, would find it difficult to build on its still cool relationship with Israel. And Saudi Arabia, which has refused to endorse "normalisation", would find it easier to corral Gulf neighbours like Qatar, which plans to supply large volumes of gas to Israel. Saudi Arabia, moreover, depends on Syria as a mediator with Iran, which the whole Gulf still sees as a threat.

It is most improbable that next week's gathering of world and regional leaders in Egypt will help Mr Peres or Mr Arafat devise an operational formula against the bombers. At most, it will line up everybody with a stake in Middle East stability behind them. And both will be grateful for that.

A pilot project to fire gas competition

Robert Corzine on the battle to sell gas to consumers in the south-west which has left some customers confused

Bush shelters in Plymouth and Exeter are festooned with posters urging consumers to buy natural gas from Amerasia Hess, the US-owned oil company. Roadshows in shopping centres offer the alternative blandishments of suppliers such as Total, the French oil group. And Sweb, the local regional electricity distributor, has sponsored local rugby matches to draw attention to its services as a gas supplier.

The staid and steady gas industry - previously the monopoly of British Gas - has never experienced anything like the marketing hoopla normally reserved for selling double glazing and financial services. Yet from April 23, half a million households in Devon, Cornwall and Somerset will be free to choose between more than 10 competing companies.

A fierce price war has already broken out, with discounts of up to 25 per cent on British Gas's current prices on offer. Some companies say they will even freeze gas prices for the rest of the decade.

The new competition in the industry has clearly appealed to some consumers. One man at a recent Total road show in Exeter said he would "drop British Gas like a hot cake if someone guaranteed lower bills".

The introduction of competition into the south-west is a pilot venture, to test out the complex business rules and computer systems necessary if it is to be extended nationwide as planned in 1998. The pilot will be extended to include another 1.5m households along the south coast in

January 1997 before all Britain's 19m domestic gas consumers are exposed to the most ambitious gas competition scheme ever attempted.

Preparations have been dogged by two years of ill-mannered negotiations between the industry, government and Ms Clare Spottiswoode, the gas regulator, over the rules of how competition will work. But the promotional activity throughout the south-west has convinced the gas watchdog that the UK's bold experiment in gas competition is about to become a reality.

"Few in the industry thought we would make the April 1996 deadline," said a clearly relieved Ms Spottiswoode on a visit to Plymouth last week to launch a publicity campaign for the experiment.



British Gas has yet to unveil its strategy for fending off the competition. But the main new suppliers already claim to have signed up tens of thousands of British Gas customers. Ofgas and the government believe at least 50,000 consumers, or 10 per cent of the market, could switch on day one.

Senior British Gas executives warn against drawing too many conclusions from the experiment, especially

in terms of market share. "We see it mainly as a way to test new computer systems and the network code," says one executive.

The latter is a complex set of rules that governs the transfer of customer data between rival suppliers. Critics say it is too complex and a potential source of conflict between the suppliers and Transco, the British Gas pipeline monopoly that will continue to carry gas direct to consumers' homes.

But any behind-the-scenes industry wrangling seems certain to be eclipsed by public arguments over market shares and sales techniques. There have been accusations of high-pressure selling, with some customers unaware that the application forms they are asked to sign are legally binding gas contracts. Sweb, for example, recently sacked 10 of its gas sales representatives for violating the company's code on conduct during a recent controversial door-to-door sales campaign.

Some consumers, confused by the marketing efforts, fear their gas could be cut off on April 29 unless they sign up with one of the new entrants. Ms Spottiswoode last week felt compelled to reassure consumers that "you can actually stay with British Gas. You don't have to switch".

The Gas Consumers' Council, which monitors the retail gas industry, says rivalries between suppliers are fierce and leading them to adopt unacceptable marketing and sales techniques. "Many competitors spend a lot of time knocking each other," says a council official. "They even suggest to potential customers that some of their rivals may not qualify for an Ofgas licence."

The organisation fears that such fierce competition will lead to more consumer complaints. "We hope our phones are silent and the post bag empty, but we are prepared if they are not," says Ms Jenny Kirkpatrick, the council's chairman.

Some competitors, however, have their own complaints about the consumers' council. They are particularly incensed about its advice to consumers that they delay making a decision on an alternative gas supplier until all competitors, including British Gas, have made their positions clear. They say such warnings could discourage consumers from switching.

Ms Spottiswoode appears confident, however, that such grumblings among new entrants will be short-lived, and will not deter others from joining the industry. She predicts an even greater diversity of suppliers will emerge as competition spreads with supermarket chains, local authorities and housing associations interested in the market.

One thing is already clear from the size of the discounts on offer in the south-west. In the competitive gas world, the consumer, rather than British Gas, will be in control.

CURRENCIES AND MONEY

MARKETS REPORT

Dollar steady

By Philip Gawth

Foreign exchange markets were yesterday a sanctuary of calm amid plunging bond and equity prices following the release of the February employment report in the US.

The much higher than expected increase in the non-farm payroll was taken by the market as a signal that US economic activity was stronger than previously thought, prompting concern that the US Federal Reserve might have to raise rates to counter inflationary pressures.

The dollar was caught in a stalemate with the prospect of higher money market rates effectively countered by fears of foreign investors fleeing from US assets.

The dollar finished in London at DM1.4836 and ¥105.825 from DM1.4789 and ¥105.60 before the report was released. Sterling was unmoved by the 25 basis point cut in UK rates,

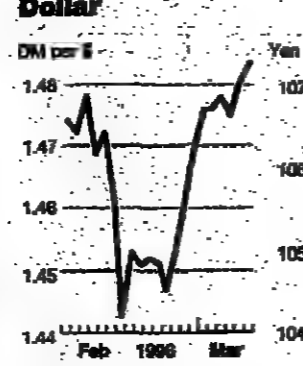
to 6 per cent, which had been widely anticipated. It finished at DM2.2642 and \$1.5262 from DM2.2625 and \$1.5299.

Analysts disagreed about the likely impact of the payroll report on the dollar. Mr Avinash Persaud, currency strategist at JP Morgan in London, said: "It reveals a surprising degree of strength in the US economy, and that stands in sharp contrast to what you

see in Germany and Europe." He predicted that the market would revise its view about whether the Fed would raise rates, while simultaneously building in the view that German rates were likely to fall.

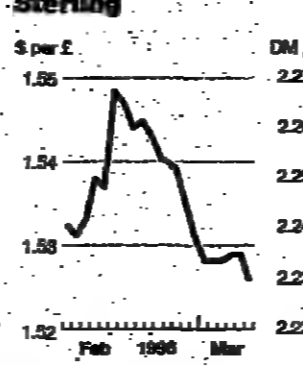
These factors, he said, reinforced the view that the dollar would break out of its current range to reach DM1.60 later this year.

Dollar



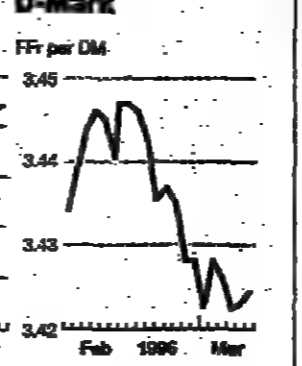
Source: FT Data

Sterling



Source: FT Data

D-Mark



Source: FT Data

POUND SPOT FORWARD AGAINST THE POUND

Mar 8		Closing mid-point	Change on day	Bid/offer spread	Day's high	low	One month Rate	Three months Rate	One year Rate	Bank of England					
							%PA	%PA	%PA						
Europe															
Austria	(Sch)	15.9238	+0.013	186	315	15.9432	15.8752	15.8938	3.3	15.8111	2.8	-	105.9		
Belgium	(Bfr)	46.5028	+0.068	216	040	46.5210	46.4050	46.4528	3.8	46.2478	2.7	-	106.0		
Denmark	(DKr)	8.7492	+0.001	451	527	8.7588	8.7181	8.7393	1.8	8.7176	1.7	8.6183	1.5	106.9	
Finland	(Fmk)	7.0396	+0.008	333	457	7.0511	7.0189	7.0288	2.0	7.0225	0.8	6.8133	0.7	106.9	
France	(FFr)	7.7336	+0.002	511	581	7.7555	7.7179	7.7407	2.0	7.7184	1.8	7.6321	1.6	106.0	
Germany	(DM)	1.4836	+0.001	631	652	1.4888	1.4785	1.4791	2.7	1.4749	2.7	1.4502	2.6	106.2	
Greece	(Dr)	369.908	+0.342	717	100	370.3537	369.280	369.7373	0.9721	-	0.9708	0.8	0.958	0.7	84.3
Ireland	(Ir£)	7.8730	+0.002	725	736	7.8847	7.8573	7.8719	1.9	7.8613	1.7	7.8287	1.7	106.9	
Italy	(Lit)	2064.23	+1.556	330	516	2062.81	2060.20	2061.58	0.71	2.0405	-0.6	2.458	-1.4	-	79.2
Luxembourg	(Lfr)	46.5028	+0.066	216	040	46.5120	46.4050	46.4528	3.8	46.2478	2.7	45.2675	2.6	106.0	
Netherlands	(Gld)	2.5351	+0.001	387	340	2.5425	2.5250	2.5288	3.0	2.5168	2.9	2.4886	2.8	106.2	
Norway	(Nkr)	8.4630	+0.003	330	510	8.4722	8.4525	8.4595	1.8	8.4513	1.7	8.3763	1.6	106.9	
Portugal	(Esc)	204.860	+0.234	787	120	205.383	203.20	205.315	-0.2	236.22	-0.3	-	-	-	95.1
Spain	(Ptas)	160.494	+0.005	374	614	160.710	160.284	160.594	-0.8	191.729	-0.8	184.784	-3.8	81.1	115.8
Sweden	(Skr)	10.3680	+0.007	788	990	10.4220	10.3327	10.3504	-0.2	10.3222	-0.1	10.2094	-0.1	-	83.7
Switzerland	(Sfr)	1.4836	+0.001	635	576	1.4848	1.4827	1.4828	4.5	1.4816	4.3	1.4746	3.9	-	106.9
UK	(£)	1.0000	-	-	-	-	-	-	-	-	-	-	-	-	-
US	(\$)	1.5264	+0.0008	196	210	1.5220	1.5214	1.5219	1.5	1.5216	1.4	1.5207	1.4	-	-
ESCU		1.48481	-	-	-	-	-	-	-	-	-	-	-	-	-
Asia															
Argentina	(Peso)	1.8236	-0.0041	252	380	1.8316	1.8220	-	-	-	-	-	-	-	-
Brazil	(R\$)	1.6019	-0.0045	000	016	1.5074	1.5006	-	-	-	-	-	-	-	-
Canada	(Cdn)	2.0859	-0.0014	890	897	2.1012	2.0697	2.0842	1.0	2.0816	0.8	2.0733	0.6	84.1	84.1
Mexico	(New Pes)	11.5911	+0.0022	726	724	11.6225	11.5418	-	-	-	-	-	-	-	-
USA	(£)	1.5252	-0.0037	255	245	1.5322	1.5200	1.5232	0.8	1.5233	0.7	1.5148	0.7	86.9	86.9
Pacific/Islands/Africa															
Australia	(A\$)	1.8989	-0.0169	884	879	2.0096	1.8938	1.8989	-1.4	1.9836	-1.4	2.0204	-1.7	80.0	80.0
Hong Kong	(Hk\$)	8.7013	-0.0257	878	847	11.8474	11.7181	11.7928	0.8	11.7818	0.7	11.7394	0.4	-	-
Japan	(Yen)	31.8751	-0.0418	158	157	32.0370	31.7500	-	-	-	-	-	-	-	-
Israel	(Shk)	4.8024	-0.0036	317	410	4.7413	4.7303	-	-	-	-	-	-	-	-
Malaya	(M\$)	181.505	+0.266	414	595	181.501	180.940	180.73	5.8	180.26	5.8	183.285	5.1	137.5	137.5
Indonesia	(Id\$)	3.0795	-0.0048	776	811	3.0955	3.0573	-	-	-	-	-	-	-	-
New Zealand	(NZ\$)	1.8236	-0.0041	252	380	1.8316	1.8220	1.8246	-2.9	2.2744	-2.7	2.3151	-2.9	106.8	106.8
Philippines	(Peso)	30.9384	-0.0692	550	246	40.0250	36.8150	-	-	-	-	-	-	-	-
Saudi Arabia	(SR\$)	5.7238	-0.0188	334	234	5.7464	5.7518	-	-	-	-	-	-	-	-
Singapore	(S\$)	2.1495	-0.0055	683	508	2.1595	2.1441	-	-	-	-	-	-	-	-
Taiwan	(T\$)	8.5944	-0.0046	885	961	8.5746	8.5877	-	-	-	-	-	-	-	-
South Korea	(Won)	1168.51	-4.1	818	885	1187.13	1185.68	-	-	-	-	-	-	-	-
Taiwan	(T\$)	41.9884	-0.1018	580	786	42.1840	41.6975	-	-	-	-	-	-	-	-
Thailand	(Baht)	38.4866	-0.076	730	060	38.6340	38.3490	-	-	-	-	-	-	-	-

**AUTHORISED
UNIT TRUSTS**

	Shares	Price	Price
Ais Unit Trust Managers Limited (1000)			
51 Belmont Rd, Uxbridge, Middlesex UB8 3RZ			01206
AIM Global American	5	211.3	223.6
AIM Global Asia Pacific	5	108.5	116.3
AIM Global Equity	5	270.0	282.7
AIM Global Euro	5	284.9	290.3
AIM Global East European	5	131.2	136.0
AIM Global UK	3	76.50	78.00
AIM Global Japan	5	173.6	189.6
AXA Equity & Life Unit Trust Managers (1200)			
Equity & Life Inst, Cornhill, City, Coventry			01202
General Inst	5	563.7	584.9

The symbols alongside the phone numbers are as follows: (+) - 0071 to +609 hours; (-) - 1701 to 1400 hours; (*) - 0801 to 1703 hours; (#) - 1701 to midnight.

Daily dealing prices are set on the basis of the London price at short period of time may change before prices become available.

or explanatory notes are contained in
the last column of the
Assigned Funds Service.
Appropriation of Unit Funds
Investment Funds,
Department,
London, TW20 8TG.
0171-631-0886.

[illegible]

Net Inc.	5%	134,000	142,03	-0.06	4,00	Exp
Net Asset	5%	182,43	204,81	-0.07	4,00	Exp
Net Profit	1%	108,57	131,31	-0.17	7,40	Exp
Net	0%	340,00	371,50	-0.23	1,00	Exp
Net Cost	5%	409,00	400,00	-0.21	1,00	Exp
Net Asset	5%	289,70	304,50	-0.22	12,10	Exp
Net Profit	5%	777,00	800,00	-0.30	5,00	Exp
Net Cost	5%	285,10	301,50	-1.59	3,30	Exp
Net	5%	891,80	892,50	-0.23	2,04	Exp
Net Asset	5%	129,04	139,27	-0.40	0,00	Exp
Net Profit	5%	11,24	118,31	-1.33	1,04	Exp
Net Asset	5%	72,50	72,50	-1.34	0,00	Exp
Net	5%	69,01	71,50	-0.87	0,00	Exp

* Wtd Calculated on Market Basis

	Starting	14:52	21:02
54.00	56.27	-0.04	2.17
56.73	58.10	-0.14	2.68
58.36	59.43	-0.16	3.00
59.41	60.31	-0.14	3.21
61.22	62.01	-0.31	3.18
63.02	64.47	-0.86	3.62
64.11	66.13	-0.44	4.00
65.88	68.43	-0.71	4.21
67.80	72.71	-1.89	5.00
70.04	70.71	-0.27	4.14
72.51	70.20	-0.87	3.26
74.01	68.71	-1.71	3.79
75.28	58.91	-5.89	5.00

low performance is not necessarily a guide, to future profits and the investor may not get back the amount originally invested in the rates of exchange between currencies in which the bill is denominated. The bill is denominated in which the bill is denominated. The bill is denominated in which the bill is denominated.

Important Notes

1) The value of investments and the income from them, particularly in the case of early encashment, 3) With a view of the movement to go up or down, 4) Because of the income, there is inevitably a greater degree of risk over 5 years, issued and approved by HM Revenue & Customs in the Personal Investment Authority and

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Managers Limited,
member of AUTU


TIME: The time shown alongside the fund's manager's name at the start of the trial is indicated by the printed symbol: (A) = before 11:00 a.m.; (B) = 11:01 to 1:00 p.m.; (C) = 1:01 to 3:00 p.m.; (D) = 3:01 to 5:00 p.m.; (E) = 5:01 to 7:00 p.m.; (F) = 7:01 to 11:00 p.m.; (G) = 11:01 to 1:00 a.m. The symbols are as follows: (W) = 0.001 to 1:00 hour; (M) = 1:01 to 1:40 hours; (H) = 1:41 to 2:40 hours; (L) = 2:41 to 3:40 hours; (S) = 3:41 to 4:40 hours; (X) = 4:41 to 5:40 hours; (Y) = 5:41 to 6:40 hours; (Z) = 6:41 to 7:40 hours; (AA) = 7:41 to 8:40 hours; (BB) = 8:41 to 9:40 hours; (CC) = 9:41 to 10:40 hours; (DD) = 10:41 to 11:40 hours; (EE) = 11:41 to 12:40 hours; (FF) = 12:41 to 1:40 hours; (GG) = 1:41 to 2:40 hours; (HH) = 2:41 to 3:40 hours; (II) = 3:41 to 4:40 hours; (JJ) = 4:41 to 5:40 hours; (KK) = 5:41 to 6:40 hours; (LL) = 6:41 to 7:40 hours; (MM) = 7:41 to 8:40 hours; (NN) = 8:41 to 9:40 hours; (OO) = 9:41 to 10:40 hours; (PP) = 10:41 to 11:40 hours; (QQ) = 11:41 to 12:40 hours; 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High-performance Japanese investment isn't easy. But the right team can certainly make it look that way.

The right team is Hill Samuel. Managed by Phillipa Gould, the Sunday Telegraph's 1994 Fund Manager of the Year, both our Japanese General and our Japanese Technology trusts have proven top quartile sector performance. Not

just recently, but over 1, 2, 3, 4 and 5 years*.

For further information on how your clients can take advantage of our investment skills, call John Curry of our Broker Support Unit on 0800 122 133.


HILL SAMUEL
ASSET MANAGEMENT

Important Notes:

1) Your performance is not necessarily a guide to future performance. 2) The value of investments and the income from them may go down as well as up, and the investor may not back the amount originally invested, particularly in the case of early investments. 3) Where a trust invests overseas, changes in the value of pounds sterling against the currency in which the investments are made may cause the value of the investment to go up or down. 4) Because of the nature of the securities chosen, as well as the High National Investment Technology Ltd. Trust's focus, there is a greater degree of risk involved.

*Source: FIVE, letter dated 29, 22.04.91 and 22.12.91, performance over 5 years, based and reported in High National Investment Technology Ltd. Trust's Annual Report 1990.

12-1b Yiddisheve Ruzsi, 1 rue des 120 270, Tel. 0181-686 4352. Registered in the Personal Investment Authority and IMRO. A member of APTU.

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 673 4376 for more details.

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

GUERNSEY (REGULATED) (*)

ANZ Migrant Co (Guernsey) Ltd			
Securities License Fee:	\$18.05	18.25	-
Apollo Investment Management Ltd			
Japan:	\$11,993	16.28	-
Other:			
Banc Fund Managers (Guernsey) Ltd			
All International Fund Ltd			
Mutualview Currency	\$11.38	11.38	-
International Bond:			
BZW Asset Management Guernsey Ltd			
Assets under Fed:	\$724.40	20.7	-
Blackburn Investment Funds Ltd			
Deposits & Cash Flow Inc.	\$74.89	16.79	-
Private Equity & VC:	\$74.89	16.79	-
Global Capital:			
and equity invest:	\$11.72	12.79	-
CDC Fund Managers (Guernsey) Ltd			

BERMUDA (REGULATED)(*)

Bermuda Int'l Airways		Bermuda Int'l Airways Ltd		
Schedule of Rates		Schedule of Rates		
From London to Bermuda	£10.00	From Bermuda to London	£10.00	1.5
From London to New York	£15.00	From New York to London	£15.00	7.7
From London to Paris	£8.00	From Paris to London	£8.00	8.4
From London to Rome	£12.00	From Rome to London	£12.00	7.8
From London to Athens	£18.00	From Athens to London	£18.00	9.8
From London to Cairo	£20.00	From Cairo to London	£20.00	
From London to Bombay	£25.00	From Bombay to London	£25.00	
From London to Madras	£28.00	From Madras to London	£28.00	
From London to Calcutta	£30.00	From Calcutta to London	£30.00	
From London to Hong Kong	£35.00	From Hong Kong to London	£35.00	
From London to Shanghai	£40.00	From Shanghai to London	£40.00	
From London to Tokyo	£45.00	From Tokyo to London	£45.00	
From London to Manila	£50.00	From Manila to London	£50.00	
From London to Singapore	£55.00	From Singapore to London	£55.00	
From London to Perth	£60.00	From Perth to London	£60.00	
From London to Melbourne	£65.00	From Melbourne to London	£65.00	
From London to Sydney	£70.00	From Sydney to London	£70.00	
From London to Auckland	£75.00	From Auckland to London	£75.00	
From London to Wellington	£80.00	From Wellington to London	£80.00	
From London to Christchurch	£85.00	From Christchurch to London	£85.00	
From London to Dunedin	£90.00	From Dunedin to London	£90.00	
From London to Invercargill	£95.00	From Invercargill to London	£95.00	
From London to Sydney	£100.00	From Sydney to London	£100.00	
From London to Melbourne	£105.00	From Melbourne to London	£105.00	
From London to Perth	£110.00	From Perth to London	£110.00	
From London to Adelaide	£115.00	From Adelaide to London	£115.00	
From London to Brisbane	£120.00	From Brisbane to London	£120.00	
From London to Cairns	£125.00	From Cairns to London	£125.00	
From London to Townsville	£130.00	From Townsville to London	£130.00	
From London to Rockhampton	£135.00	From Rockhampton to London	£135.00	
From London to Bundaberg	£140.00	From Bundaberg to London	£140.00	
From London to Gladstone	£145.00	From Gladstone to London	£145.00	
From London to Mackay	£150.00	From Mackay to London	£150.00	
From London to Cairns	£155.00	From Cairns to London	£155.00	
From London to Townsville	£160.00	From Townsville to London	£160.00	
From London to Rockhampton	£165.00	From Rockhampton to London	£165.00	
From London to Bundaberg	£170.00	From Bundaberg to London	£170.00	
From London to Gladstone	£175.00	From Gladstone to London	£175.00	
From London to Mackay	£180.00	From Mackay to London	£180.00	
From London to Cairns	£185.00	From Cairns to London	£185.00	
From London to Townsville	£190.00	From Townsville to London	£190.00	
From London to Rockhampton	£195.00	From Rockhampton to London	£195.00	
From London to Bundaberg	£200.00	From Bundaberg to London	£200.00	
From London to Gladstone	£205.00	From Gladstone to London	£205.00	
From London to Mackay	£210.00	From Mackay to London	£210.00	
From London to Cairns	£215.00	From Cairns to London	£215.00	
From London to Townsville	£220.00	From Townsville to London	£220.00	
From London to Rockhampton	£225.00	From Rockhampton to London	£225.00	
From London to Bundaberg	£230.00	From Bundaberg to London	£230.00	
From London to Gladstone	£235.00	From Gladstone to London	£235.00	
From London to Mackay	£240.00	From Mackay to London	£240.00	
From London to Cairns	£245.00	From Cairns to London	£245.00	
From London to Townsville	£250.00	From Townsville to London	£250.00	
From London to Rockhampton	£255.00	From Rockhampton to London	£255.00	
From London to Bundaberg	£260.00	From Bundaberg to London	£260.00	
From London to Gladstone	£265.00	From Gladstone to London	£265.00	
From London to Mackay	£270.00	From Mackay to London	£270.00	
From London to Cairns	£275.00	From Cairns to London	£275.00	
From London to Townsville	£280.00	From Townsville to London	£280.00	
From London to Rockhampton	£285.00	From Rockhampton to London	£285.00	
From London to Bundaberg	£290.00	From Bundaberg to London	£290.00	
From London to Gladstone	£295.00	From Gladstone to London	£295.00	
From London to Mackay	£300.00	From Mackay to London	£300.00	
From London to Cairns	£305.00	From Cairns to London	£305.00	
From London to Townsville	£310.00	From Townsville to London	£310.00	
From London to Rockhampton	£315.00	From Rockhampton to London	£315.00	
From London to Bundaberg	£320.00	From Bundaberg to London	£320.00	
From London to Gladstone	£325.00	From Gladstone to London	£325.00	
From London to Mackay	£330.00	From Mackay to London	£330.00	
From London to Cairns	£335.00	From Cairns to London	£335.00	
From London to Townsville	£340.00	From Townsville to London	£340.00	
From London to Rockhampton	£345.00	From Rockhampton to London	£345.00	
From London to Bundaberg	£350.00	From Bundaberg to London	£350.00	
From London to Gladstone	£355.00	From Gladstone to London	£355.00	
From London to Mackay	£360.00	From Mackay to London	£360.00	
From London to Cairns	£365.00	From Cairns to London	£365.00	
From London to Townsville	£370.00	From Townsville to London	£370.00	
From London to Rockhampton	£375.00	From Rockhampton to London	£375.00	
From London to Bundaberg	£380.00	From Bundaberg to London	£380.00	
From London to Gladstone	£385.00	From Gladstone to London	£385.00	
From London to Mackay	£390.00	From Mackay to London	£390.00	
From London to Cairns	£395.00	From Cairns to London	£395.00	
From London to Townsville	£400.00	From Townsville to London	£400.00	
From London to Rockhampton	£405.00	From Rockhampton to London	£405.00	
From London to Bundaberg	£410.00	From Bundaberg to London	£410.00	
From London to Gladstone	£415.00	From Gladstone to London	£415.00	
From London to Mackay	£420.00	From Mackay to London	£420.00	
From London to Cairns	£425.00	From Cairns to London	£425.00	
From London to Townsville	£430.00	From Townsville to London	£430.00	
From London to Rockhampton	£435.00	From Rockhampton to London	£435.00	
From London to Bundaberg	£440.00	From Bundaberg to London	£440.00	
From London to Gladstone	£445.00	From Gladstone to London	£445.00	
From London to Mackay	£450.00	From Mackay to London	£450.00	
From London to Cairns	£455.00	From Cairns to London	£455.00	
From London to Townsville	£460.00	From Townsville to London	£460.00	
From London to Rockhampton	£465.00	From Rockhampton to London	£465.00	
From London to Bundaberg	£470.00	From Bundaberg to London	£470.00	
From London to Gladstone	£475.00	From Gladstone to London	£475.00	
From London to Mackay	£480.00	From Mackay to London	£480.00	
From London to Cairns	£485.00	From Cairns to London	£485.00	
From London to Townsville	£490.00	From Townsville to London	£490.00	
From London to Rockhampton	£495.00	From Rockhampton to London	£495.00	
From London to Bundaberg	£500.00	From Bundaberg to London	£500.00	
From London to Gladstone	£505.00	From Gladstone to London	£505.00	
From London to Mackay	£510.00	From Mackay to London	£510.00	
From London to Cairns	£515.00	From Cairns to London	£515.00	
From London to Townsville	£520.00	From Townsville to London	£520.00	
From London to Rockhampton	£525.00	From Rockhampton to London	£525.00	
From London to Bundaberg	£530.00	From Bundaberg to London	£530.00	
From London to Gladstone	£535.00	From Gladstone to London	£535.00	
From London to Mackay	£540.00	From Mackay to London	£540.00	
From London to Cairns	£545.00	From Cairns to London	£545.00	
From London to Townsville	£550.00	From Townsville to London	£550.00	
From London to Rockhampton	£555.00	From Rockhampton to London	£555.00	
From London to Bundaberg	£560.00	From Bundaberg to London	£560.00	
From London to Gladstone	£565.00	From Gladstone to London	£565.00	
From London to Mackay	£570.00	From Mackay to London	£570.00	
From London to Cairns	£575.00	From Cairns to London	£575.00	
From London to Townsville	£580.00	From Townsville to London	£580.00	
From London to Rockhampton	£585.00	From Rockhampton to London	£585.00	
From London to Bundaberg	£590.00	From Bundaberg to London	£590.00	
From London to Gladstone	£595.00	From Gladstone to London	£595.00	
From London to Mackay	£600.00	From Mackay to London	£600.00	
From London to Cairns	£605.00	From Cairns to London	£605.00	
From London to Townsville	£610.00	From Townsville to London	£610.00	
From London to Rockhampton	£615.00	From Rockhampton to London	£615.00	
From London to Bundaberg	£620.00	From Bundaberg to London	£620.00	
From London to Gladstone	£625.00	From Gladstone to London	£625.00	
From London to Mackay	£630.00	From Mackay to London	£630.00	
From London to Cairns	£635.00	From Cairns to London	£635.00	
From London to Townsville	£640.00	From Townsville to London	£640.00	
From London to Rockhampton	£645.00	From Rockhampton to London	£645.00	
From London to Bundaberg	£650.00	From Bundaberg to London	£650.00	
From London to Gladstone	£655.00	From Gladstone to London	£655.00	
From London to Mackay	£660.00	From Mackay to London	£660.00	
From London to Cairns	£665.00	From Cairns to London	£665.00	
From London to Townsville	£670.00	From Townsville to London	£670.00	
From London to Rockhampton	£675.00	From Rockhampton to London	£675.00	
From London to Bundaberg	£680.00	From Bundaberg to London	£680.00	
From London to Gladstone	£685.00	From Gladstone to London	£685.00	
From London to Mackay	£690.00	From Mackay to London	£690.00	
From London to Cairns	£695.00	From Cairns to London	£695.00	
From London to Townsville	£700.00	From Townsville to London	£700.00	
From London to Rockhampton	£705.00	From Rockhampton to London	£705.00	
From London to Bundaberg	£710.00	From Bundaberg to London	£710.00	
From London to Gladstone	£715.00	From Gladstone to London	£715.00	
From London to Mackay	£720.00	From Mackay to London	£720.00	
From London to Cairns	£725.00	From Cairns to London	£725.00	
From London to Townsville	£730.00	From Townsville to London	£730.00	
From London to Rockhampton	£735.00	From Rockhampton to London	£735.00	
From London to Bundaberg	£740.00	From Bundaberg to London	£740.00	
From London to Gladstone	£745.00	From Gladstone to London	£745.00	
From London to Mackay	£750.00	From Mackay to London	£750.00	
From London to Cairns	£755.00	From Cairns to London	£755.00	
From London to Townsville	£760.00	From Townsville to London	£760.00	
From London to Rockhampton	£765.00	From Rockhampton to London	£765.00	
From London to Bundaberg	£770.00	From Bundaberg to London	£770.00	
From London to Gladstone	£775.00	From Gladstone to London	£775.00	
From London to Mackay	£780.00	From Mackay to London	£780.00	
From London to Cairns	£785.00	From Cairns to London	£785.00	
From London to Townsville	£790.00	From Townsville to London	£790.00	
From London to Rockhampton	£795.00	From Rockhampton to London	£795.00	
From London to Bundaberg	£800.00	From Bundaberg to London	£800.00	
From London to Gladstone	£805.00	From Gladstone to London	£805.00	
From London to Mackay	£810.00	From Mackay to London	£810.00	
From London to Cairns	£815.00	From Cairns to London	£815.00	
From London to Townsville	£820.00	From Townsville to London	£820.00	
From London to Rockhampton	£825.00	From Rockhampton to London	£825.00	
From London to Bundaberg	£830.00	From Bundaberg to London	£830.00	
From London to Gladstone	£835.00	From Gladstone to London	£835.00	
From London to Mackay	£840.00	From Mackay to London	£840.00	
From London to Cairns	£845.00	From Cairns to London	£845.00	
From London to Townsville	£850.00	From Townsville to London	£850.00	
From London to Rockhampton	£855.00	From Rockhampton to London	£855.00	
From London to Bundaberg	£860.00	From Bundaberg to London	£860.00	
From London to Gladstone	£865.00	From Gladstone to London	£865.00	
From London to Mackay	£870.00	From Mackay to London	£870.00	
From London to Cairns	£875.00	From Cairns to London	£875.00	
From London to Townsville	£880.00	From Townsville to London	£880.00	
From London to Rockhampton	£885.00	From Rockhampton to London	£885.00	
From London to Bundaberg	£890.00	From Bundaberg to London	£890.00	
From London to Gladstone	£895.00	From Gladstone to London	£895.00	
From London to Mackay	£900.00	From Mackay to London	£900.00	
From London to Cairns	£905.00	From Cairns to London	£905.00	
From London to Townsville	£910.00	From Townsville to London	£910.00	
From London to Rockhampton	£915.00	From Rockhampton to London	£915.00	
From London to Bundaberg	£920.00	From Bundaberg to London	£920.00	
From London to Gladstone	£925.00	From Gladstone to London	£925.00	
From London to Mackay	£930.00	From Mackay to London	£930.00	
From London to Cairns	£935.00	From Cairns to London	£935.00	
From London to Townsville	£940.00	From Townsville to London	£940.00	
From London to Rockhampton	£945.00	From Rockhampton to London	£945.00	
From London to Bundaberg	£950.00	From Bundaberg to London	£950.00	
From London to Gladstone	£955.00	From Gladstone to London	£955.00	
From London to Mackay	£960.00	From Mackay to London	£960.00	
From London to Cairns	£965.00	From Cairns to London	£965.00	
From London to Townsville	£970.00	From Townsville to London	£970.00	
From London to Rockhampton	£975.00	From Rockhampton to London	£975.00	
From London to Bundaberg	£980.00	From Bundaberg to London	£980.00	
From London to Gladstone	£985.00	From Gladstone to London	£985.00	
From London to Mackay	£990.00	From Mackay to London	£990.00	
From London to Cairns	£995.00	From Cairns to London	£995.00	
From London to Townsville	£1000.00	From Townsville to London	£1000.00	
From London to Rockhampton	£1005.00	From Rockhampton to London	£1005.00	
From London to Bundaberg	£1010.00	From Bundaberg to London	£1010.00	
From London to Gladstone	£1015.00	From Gladstone to London	£1015.00	
From London to Mackay	£1020.00	From Mackay to London	£1020.00	
From London to Cairns	£1025.00	From Cairns to London	£1025.00	
From London to Townsville	£1030.00	From Townsville to London	£1030.00	
From London to Rockhampton	£1035.00	From Rockhampton to London	£1035.00	
From London to Bundaberg	£1040.00	From Bundaberg to London	£1040.00	
From London to Gladstone	£1045.00	From Gladstone to London	£1045.00	
From London to Mackay	£1050.00	From Mackay to London	£1050.00	
From London to Cairns	£1055.00	From Cairns to London	£1055.00	
From London to Townsville	£1060.00	From Townsville to London	£1060.00	
From London to Rockhampton	£1065.00	From Rockhampton to London	£1065.00	
From London to Bundaberg	£1070.00	From Bundaberg to London	£1070.00	
From London to Gladstone	£1075.00	From Gladstone to London	£1075.00	
From London to Mackay	£1080.00	From Mackay to London	£1080.00	
From London to Cairns	£1085.00	From Cairns to London	£1085.00	
From London to Townsville	£1090.00	From Townsville to London	£1090.00	
From London to Rockhampton	£1095.00	From Rockhampton to London	£1095.00	
From London to Bundaberg	£1100.00	From Bundaberg to London	£1100.00	
From London to Gladstone	£1105.00	From Gladstone to London	£1105.00	
From London to Mackay	£1110.00	From Mackay to London	£1110.00	
From London to Cairns	£1115.00	From Cairns to London	£1115.00	
From London to Townsville	£1120.00	From Townsville to London	£1120.00	
From London to Rockhampton	£1125.00	From Rockhampton to London	£1125.00	
From London to Bundaberg	£1130.00	From Bundaberg to London	£1130.00	
From London to Gladstone	£1135.00	From Gladstone to London	£1135.00	
From London to Mackay	£1140.00	From Mackay to London	£1140.00	
From London to Cairns	£1145.00	From Cairns to London	£1145.00	
From London to Townsville	£1150.00	From Townsville to London	£1150.00	
From London to Rockhampton	£1155.00	From Rockhampton to London	£1155.00	

US Dollar Cash	\$10.489	
Gold	100.000	
Butterfield Management Co Ltd		
Butterfield Ltd	\$10.489	10.489

[illegible]

Our high school
high school
high school
high school

[illegible]**IRELAND (SIB RECOGNISED)**[illegible]

IRELAND REGULATED^(TM)

[illegible]**ISLE OF MAN** (SUB RECOMMENDATION)[illegible]

ISLE OF MAN (REGULATE)

[illegible]

JERSEY (SIS RECOGNISED)

[illegible]

JERSEY (REGULATED) (7)

[illegible]

LUXEMBOURG (SMB RECORD)

[illegible]

BANK FOR EUROPE & CANADA
 Mortgage CS-PLS. 3001 Borne, Switzerland 0841 37
 New Euro Global Portfolio
 Equity Sub-Funds

[illegible]

Commercial Union Luxembourg SA (nl)
20 Place de la Gare, L-1815 49 362 4020
Commercial Union Fidelity Portfolio
Equity Funds

<p>1000</p> <p>1001</p>	<p>1002</p> <p>1003</p>	<p>1004</p> <p>1005</p>	<p>1006</p> <p>1007</p>	<p>1008</p> <p>1009</p>	<p>1010</p> <p>1011</p>	<p>1012</p> <p>1013</p>	<p>1014</p> <p>1015</p>	<p>1016</p> <p>1017</p>	<p>1018</p> <p>1019</p>	<p>1020</p> <p>1021</p>	<p>1022</p> <p>1023</p>	<p>1024</p> <p>1025</p>	<p>1026</p> <p>1027</p>	<p>1028</p> <p>1029</p>	<p>1030</p> <p>1031</p>	<p>1032</p> <p>1033</p>	<p>1034</p> <p>1035</p>	<p>1036</p> <p>1037</p>	<p>1038</p> <p>1039</p>	<p>1040</p> <p>1041</p>	<p>1042</p> <p>1043</p>	<p>1044</p> <p>1045</p>	<p>1046</p> <p>1047</p>	<p>1048</p> <p>1049</p>	<p>1050</p> <p>1051</p>	<p>1052</p> <p>1053</p>	<p>1054</p> <p>1055</p>	<p>1056</p> <p>1057</p>	<p>1058</p> <p>1059</p>	<p>1060</p> <p>1061</p>	<p>1062</p> <p>1063</p>	<p>1064</p> <p>1065</p>	<p>1066</p> <p>1067</p>	<p>1068</p> <p>1069</p>	<p>1070</p> <p>1071</p>	<p>1072</p> <p>1073</p>	<p>1074</p> <p>1075</p>	<p>1076</p> <p>1077</p>	<p>1078</p> <p>1079</p>	<p>1080</p> <p>1081</p>	<p>1082</p> <p>1083</p>	<p>1084</p> <p>1085</p>	<p>1086</p> <p>1087</p>	<p>1088</p> <p>1089</p>	<p>1090</p> <p>1091</p>	<p>1092</p> <p>1093</p>	<p>1094</p> <p>1095</p>	<p>1096</p> <p>1097</p>	<p>1098</p> <p>1099</p>	<p>1100</p> <p>1101</p>	<p>1102</p> <p>1103</p>	<p>1104</p> <p>1105</p>	<p>1106</p> <p>1107</p>	<p>1108</p> <p>1109</p>	<p>1110</p> <p>1111</p>	<p>1112</p> <p>1113</p>	<p>1114</p> <p>1115</p>	<p>1116</p> <p>1117</p>	<p>1118</p> <p>1119</p>	<p>1120</p> <p>1121</p>	<p>1122</p> <p>1123</p>	<p>1124</p> <p>1125</p>	<p>1126</p> <p>1127</p>	<p>1128</p> <p>1129</p>	<p>1130</p> <p>1131</p>	<p>1132</p> <p>1133</p>	<p>1134</p> <p>1135</p>	<p>1136</p> <p>1137</p>	<p>1138</p> <p>1139</p>	<p>1140</p> <p>1141</p>	<p>1142</p> <p>1143</p>	<p>1144</p> <p>1145</p>	<p>1146</p> <p>1147</p>	<p>1148</p> <p>1149</p>	<p>1150</p> <p>1151</p>	<p>1152</p> <p>1153</p>	<p>1154</p> <p>1155</p>	<p>1156</p> <p>1157</p>	<p>1158</p> <p>1159</p>	<p>1160</p> <p>1161</p>	<p>1162</p> <p>1163</p>	<p>1164</p> <p>1165</p>	<p>1166</p> <p>1167</p>	<p>1168</p> <p>1169</p>	<p>1170</p> <p>1171</p>	<p>1172</p> <p>1173</p>	<p>1174</p> <p>1175</p>	<p>1176</p> <p>1177</p>	<p>1178</p> <p>1179</p>	<p>1180</p> <p>1181</p>	<p>1182</p> <p>1183</p>	<p>1184</p> <p>1185</p>	<p>1186</p> <p>1187</p>	<p>1188</p> <p>1189</p>	<p>1190</p> <p>1191</p>	<p>1192</p> <p>1193</p>	<p>1194</p> <p>1195</p>	<p>1196</p> <p>1197</p>	<p>1198</p> <p>1199</p>	<p>1200</p> <p>1201</p>	<p>1202</p> <p>1203</p>	<p>1204</p> <p>1205</p>	<p>1206</p> <p>1207</p>	<p>1208</p> <p>1209</p>	<p>1210</p> <p>1211</p>	<p>1212</p> <p>1213</p>	<p>1214</p> <p>1215</p>	<p>1216</p> <p>1217</p>	<p>1218</p> <p>1219</p>	<p>1220</p> <p>1221</p>	<p>1222</p> <p>1223</p>	<p>1224</p> <p>1225</p>	<p>1226</p> <p>1227</p>	<p>1228</p> <p>1229</p>	<p>1230</p> <p>1231</p>	<p>1232</p> <p>1233</p>
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30 Alteo Schroder, L-2050 Luxembourg	50.36	0.38
Japan Yarrant	50.36	0.38
HSBC Investment Funds Luxembourg		

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Australian Computer Society
 100 Macquarie Street
 Sydney, New South Wales 2000
 Australia
 Tel: 02 9230 9000
 Fax: 02 9230 9001
 Email: info@acsnz.org.au

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07-970	Japan Source		Y 80
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	International Source		32
	Panama Canal Zone Source		32
	Pacific Source		32

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هذا منه الأصل

FT MANAGED FUNDS SERVICE

● ET Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

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WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Mar 8 / US\$)

(4 pm close)

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MARKET REPORT

Sharp fall in US bonds triggers slide in equities

by Steve Thompson, UK Stock Market Editor

A stunning rally in the US February non-farm payroll trounced the first limit-down performance by US Treasury bond futures. The Gulf crisis in 1990-91 and a global sell-off in equity markets including the UK.

The US payroll report was immediately interpreted by international markets as destroying any hopes of another reduction in US interest rates after the March 26 meeting of the Federal Reserve's Open Market Committee. In a knee-jerk reaction, the Dow Jones Industrial Average plunged over 100 points on the

report, before embarking on a determined rally which saw the Dow recover half of its initial decline.

Ninety minutes after London closed for business the Dow was 80 points lower. Wall Street's recent strength has been fuelled by the prospect of a reduction in US rates.

The news from the US came in stark contrast to events in London, where the long-expected 25 basis points cut in UK interest rates drew barely a flicker of interest from the stock market.

London's FT-SE 100 index was sailing along happily and marginally higher on the session as the employment report news hit the markets. Marketmakers in London,

alarmed at the US Treasury bond market's instant response to the news, anticipated a three-figure fall in the Dow Jones Industrial Average and quickly checked prices of the leading UK issues.

At the close of a session that promised much, the FT-SE 100 index left nursing a 47.9 loss at 3,710.3. At its worst, shortly after US markets opened, the Footsie was 72.0 down, having dipped below the 3,700 level seen by most traders as a solid resistance point.

Second-line issues put up a better performance than the leaders, but could not resist the downward pressure. At the close, the FT-SE 100 index was 27.3 lower at 4,262.7.

Yesterday's big sell-off meant the Footsie ended the week with a 15.4 decline and the FT-SE Mid with a 15.3 fall.

There were conflicting views on the market's short-term outlook from senior marketmakers. One head of marketmaking said that, as long as the dollar/D-mark rate held above 1.68, he felt reasonably happy about market prospects. He also pointed out that next week would see large amounts of cash earmarked for Pepsit hit the market.

He also said the market may have been anticipating a series of big option and futures expiries next Friday. He said a fall of around 120 points on the Dow would see the

Footsie take a hard look at 3,650.

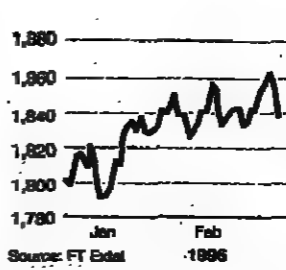
Others were much more unmoved by the day's events and said the long-expected correction on Wall Street could be underway.

It was also pointed out that the afternoon sell-off was accompanied by some very heavy trading between marketmakers, who were extremely reluctant to take on big lines of stock.

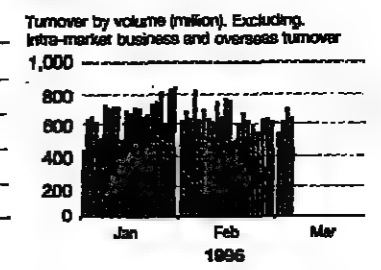
The composite insurance sector was put forward as one area of the UK market that would suffer very badly from weakness in bond markets.

Turnover at 6pm reached 895.8m shares. Customer business on Thursday was valued at £2.05bn.

FT-SE-A All-Share Index



Equity shares traded



Indicators and ratios	Value	% Change
FT-SE Mid 250	4252.7	-27.3
FT-SE-A 350	1860.9	-21.4
FT-SE-A All-Share	1839.0	-19.9
FT-SE-A All-Share yield	3.81	(3.76)
FT Ordinary index	2780.0	-34.1
FT-SE-A Non Fin p/e	17.04	(17.34)
FT-SE 100 Div Yield	3.69	-67.0
10 yr Gilt yield	7.91	(7.85)
Long gvt/equity yield ratio	2.21	(2.20)

TRADING VOLUME IN MAJOR STOCKS

Vol	Chg	Day's price	Vol	Chg	Day's price
BP	859	420	London	121	724
British Airways	1,000	108	London	121	724
British Petroleum	1,000	108	London	121	724
British Telecom	1,000	108	London	121	724
British Water	1,000	108	London	121	724
British Airways	1,000	108	London	121	724
British Petroleum	1,000	108	London	121	724
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British Water	1,000	108	London	121	724
British Airways	1,000	108	London	121	724
British Petroleum	1,000	108	London	121	724
British Telecom	1,000	108	London	121	724
British Water	1,000	108	London	121	724
British Airways	1,000	108	London	121	724
British Petroleum	1,000	108	London	121	724
British Telecom	1,000	108	London	121	724
British Water	1,000	108	London	121	724
British Airways	1,000	108	London	121	724
British Petroleum	1,000	108	London	121	724
British Telecom	1,000	108	London	121	724
British Water	1,000	108	London	121	724
British Airways	1,000	108	London	121	724
British Petroleum	1,000	108	London	121	724
British Telecom	1,000	108	London	121	724
British Water	1,000	108	London	121	724
British Airways	1,000	108	London	121	724
British Petroleum	1,000	108	London	121	724
British Telecom	1,000	108	London	121	724
British Water	1,000	108	London	121	724
British Airways	1,000	108	London	121	724
British Petroleum	1,000	108	London	121	724
British Telecom	1,000	108	London	121	724
British Water	1,000	108	London	121	724
British Airways	1,000	108	London	121	724
British Petroleum	1,000	108	London	121	724
British Telecom	1,000	108	London	121	724
British Water	1,000	108	London	121	724
British Airways	1,000	108	London	121	724
British Petroleum	1,000	108	London	121	724
British Telecom	1,000	108	London	121	724
British Water					

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Company	Price
Adnoca	10.00
Beck's	10.00
Brewery	10.00
Carlsberg	10.00
Heineken	10.00
Interbrew	10.00
Kaiser	10.00
Miller	10.00
Orkla	10.00
Reckitt	10.00
Stout	10.00
Tennent	10.00
Watson	10.00

BANKS, MERCHANT

Company	Price
Barclays	10.00
Bank of America	10.00
Bank of Scotland	10.00
Bank of Ireland	10.00
Bank of Montreal	10.00
Bank of New York	10.00
Bank of Paris	10.00
Bank of Spain	10.00
Bank of Tokyo	10.00
Bank of West	10.00
Bank of Wales	10.00
Bank of Yorkshire	10.00
Bank of London	10.00
Bank of Liverpool	10.00
Bank of Manchester	10.00
Bank of Newcastle	10.00
Bank of Northampton	10.00
Bank of Oxford	10.00
Bank of Plymouth	10.00
Bank of Reading	10.00
Bank of Southampton	10.00
Bank of St Albans	10.00
Bank of Stirling	10.00
Bank of Telford	10.00
Bank of Warrington	10.00
Bank of Worcester	10.00
Bank of York	10.00

BANKS, RETAIL

Company	Price
Bank of America	10.00
Bank of Scotland	10.00
Bank of Ireland	10.00
Bank of Montreal	10.00
Bank of New York	10.00
Bank of Paris	10.00
Bank of Spain	10.00
Bank of Tokyo	10.00
Bank of West	10.00
Bank of Wales	10.00
Bank of Yorkshire	10.00
Bank of London	10.00
Bank of Liverpool	10.00
Bank of Manchester	10.00
Bank of Newcastle	10.00
Bank of Northampton	10.00
Bank of Oxford	10.00
Bank of Plymouth	10.00
Bank of Reading	10.00
Bank of Southampton	10.00
Bank of St Albans	10.00
Bank of Stirling	10.00
Bank of Telford	10.00
Bank of Warrington	10.00
Bank of Worcester	10.00
Bank of York	10.00

BREWERIES, PUBS & REST

Company	Price
Adnoca	10.00
Beck's	10.00
Brewery	10.00
Carlsberg	10.00
Heineken	10.00
Interbrew	10.00
Kaiser	10.00
Miller	10.00
Orkla	10.00
Reckitt	10.00
Stout	10.00
Tennent	10.00
Watson	10.00

BUILDING & CONSTRUCTION

Company	Price
Adnoca	10.00
Beck's	10.00
Brewery	10.00
Carlsberg	10.00
Heineken	10.00
Interbrew	10.00
Kaiser	10.00
Miller	10.00
Orkla	10.00
Reckitt	10.00
Stout	10.00
Tennent	10.00
Watson	10.00

BUILDING MATS. & MERCHANTS

Company	Price
Adnoca	10.00
Beck's	10.00
Brewery	10.00
Carlsberg	10.00
Heineken	10.00
Interbrew	10.00
Kaiser	10.00
Miller	10.00
Orkla	10.00
Reckitt	10.00
Stout	10.00
Tennent	10.00
Watson	10.00

CHEMICALS

Company	Price
Adnoca	10.00
Beck's	10.00
Brewery	10.00
Carlsberg	10.00
Heineken	10.00
Interbrew	10.00
Kaiser	10.00
Miller	10.00
Orkla	10.00
Reckitt	10.00
Stout	10.00
Tennent	10.00
Watson	10.00

DISTRIBUTORS

Company	Price
Adnoca	10.00
Beck's	10.00
Brewery	10.00
Carlsberg	10.00
Heineken	10.00
Interbrew	10.00
Kaiser	10.00
Miller	10.00
Orkla	10.00
Reckitt	10.00
Stout	10.00
Tennent	10.00
Watson	10.00

DIVERSIFIED INDUSTRIALS

Company	Price
Adnoca	10.00
Beck's	10.00
Brewery	10.00
Carlsberg	10.00
Heineken	10.00
Interbrew	10.00
Kaiser	10.00
Miller	10.00
Orkla	10.00
Reckitt	10.00
Stout	10.00
Tennent	10.00
Watson	10.00

ELECTRICITY

Company	Price
Adnoca	10.00
Beck's	10.00
Brewery	10.00
Carlsberg	10.00
Heineken	10.00
Interbrew	10.00
Kaiser	10.00
Miller	10.00
Orkla	10.00
Reckitt	10.00
Stout	10.00
Tennent	10.00
Watson	10.00

ELECTRONIC & ELECTRICAL EQPT

Company	Price
Adnoca	10.00
Beck's	10.00
Brewery	10.00
Carlsberg	10.00
Heineken	10.00
Interbrew	10.00
Kaiser	10.00
Miller	10.00
Orkla	10.00
Reckitt	10.00
Stout	10.00
Tennent	10.00
Watson	10.00

ELECTRONIC & ELECTRICAL EQPT - Cont.

Company	Price
Adnoca	10.00
Beck's	10.00
Brewery	10.00
Carlsberg	10.00
Heineken	10.00
Interbrew	10.00
Kaiser	10.00
Miller	10.00
Orkla	10.00
Reckitt	10.00
Stout	10.00
Tennent	10.00
Watson	10.00

ENGINEERING

Company	Price
Adnoca	10.00
Beck's	10.00
Brewery	10.00
Carlsberg	10.00
Heineken	10.00
Interbrew	10.00
Kaiser	10.00
Miller	10.00
Orkla	10.00
Reckitt	10.00
Stout	10.00
Tennent	10.00
Watson	10.00

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ENGINEERING - Cont.

Company	Price
Adnoca	10.00
Beck's	10.00
Brewery	10.00
Carlsberg	10.00
Heineken	10.00
Interbrew	10.00
Kaiser	10.00
Miller	10.00
Orkla	10.00
Reckitt	10.00
Stout	10.00
Tennent	10.00
Watson	10.00

ENGINEERING, VEHICLES

Company	Price
Adnoca	10.00
Beck's	10.00
Brewery	10.00
Carlsberg	10.00
Heineken	10.00
Interbrew	10.00
Kaiser	10.00
Miller	10.00
Orkla	10.00
Reckitt	10.00
Stout	10.00
Tennent	10.00
Watson	10.00

EXTRACTIVE INDUSTRIES - Cont.

Company	Price
Adnoca	10.00
Beck's	10.00
Brewery	10.00
Carlsberg	10.00
Heineken	10.00
Interbrew	10.00
Kaiser	10.00
Miller	10.00
Orkla	10.00
Reckitt	10.00
Stout	10.00
Tennent	10.00
Watson	10.00

FOOD PRODUCERS

Company	Price
Adnoca	10.00
Beck's	10.00
Brewery	10.00
Carlsberg	10.00
Heineken	10.00
Interbrew	10.00
Kaiser	10.00
Miller	10.00
Orkla	10.00
Reckitt	10.00
Stout	10.00
Tennent	10.00
Watson	10.00

EXTRACTIVE INDUSTRIES - Cont.

Company	Price
Adnoca	10.00
Beck's	10.00
Brewery	10.00
Carlsberg	10.00
Heineken	10.00
Interbrew	10.00
Kaiser	10.00
Miller	10.00
Orkla	10.00
Reckitt	10.00
Stout	10.00
Tennent	10.00
Watson	10.00

GAS DISTRIBUTION

Company	Price
Adnoca	10.00
Beck's	10.00
Brewery	10.00
Carlsberg	10.00
Heineken	10.00
Interbrew	10.00
Kaiser	10.00
Miller	10.00
Orkla	10.00
Reckitt	10.00
Stout	10.00
Tennent	10.00
Watson	10.00

HEALTH CARE

Company	Price
Adnoca	10.00
Beck's	10.00
Brewery	10.00
Carlsberg	10.00
Heineken	10.00
Interbrew	10.00
Kaiser	10.00
Miller	10.00
Orkla	10.00
Reckitt	10.00
Stout	10.00
Tennent	10.00
Watson	10.00

HEALTH CARE - Cont.

Company	Price
Adnoca	10.00
Beck's	10.00
Brewery	10.00
Carlsberg	10.00
Heineken	10.00
Interbrew	10.00
Kaiser	10.00
Miller	10.00
Orkla	10.00
Reckitt	10.00
Stout	10.00
Tennent	10.00
Watson	10.00

HOUSEHOLD GOODS

Company	Price
Adnoca	10.00
Beck's	10.00
Brewery	10.00
Carlsberg	10.00
Heineken	10.00
Interbrew	10.00
Kaiser	10.00
Miller	10.00
Orkla	10.00
Reckitt	10.00
Stout	10.00
Tennent	10.00
Watson	10.00

INSURANCE

Company	Price
Adnoca	10.00
Beck's	10.00
Brewery	10.00
Carlsberg	10.00
Heineken	10.00
Interbrew	10.00
Kaiser	10.00
Miller	10.00
Orkla	10.00
Reckitt	10.00
Stout	10.00
Tennent	10.00
Watson	10.00

INVESTMENT TRUSTS

Company	Price
Adnoca	10.00
Beck's	10.00
Brewery	10.00
Carlsberg	10.00
Heineken	10.00
Interbrew	10.00
Kaiser	10.00
Miller	10.00
Orkla	10.00
Reckitt	10.00
Stout	10.00
Tennent	10.00
Watson	10.00

INVESTMENT TRUSTS - Cont.

Company	Price
Adnoca	10.00
Beck's	10.00
Brewery	10.00
Carlsberg	10.00
Heineken	10.00
Interbrew	10.00
Kaiser	10.00
Miller	10.00
Orkla	10.00
Reckitt	10.00
Stout	10.00
Tennent	10.00
Watson	10.00

INVESTMENT TRUSTS

Company	Price
Adnoca	10.00
Beck's	10.00
Brewery	10.00
Carlsberg	10.00
Heineken	10.00
Interbrew	10.00
Kaiser	10.00
Miller	10.00
Orkla	10.00
Reckitt	10.00
Stout	10.00
Tennent	10.00
Watson	10.00

INVESTMENT TRUSTS

Company	Price
Adnoca	10.00
Beck's	10.00
Brewery	10.00
Carlsberg	10.00
Heineken	10.00
Interbrew	10.00
Kaiser	10.00
Miller	10.00
Orkla	10.00
Reckitt	10.00
Stout	10.00
Tennent	10.00
Watson	10.00

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Company	Price
Adnoca	10.00
Beck's	10.00
Brewery	10.00
Carlsberg	10.00
Heineken	10.00
Interbrew	10.00
Kaiser	10.00
Miller	10.00
Orkla	10.00
Reckitt	10.00
Stout	10.00
Tennent	10.00
Watson	10.00

INVESTMENT TRUSTS

Company	Price
Adnoca	10.00
Beck's	10.00
Brewery	10.00
Carlsberg	10.00
Heineken	10.00
Interbrew	10.00
Kaiser	10.00
Miller	10.00
Orkla	10.00
Reckitt	10.00
Stout	10.00
Tennent	10.00
Watson	10.00

PERSPECTIVES

By the beginning of 1993, Nigel Lawson's economic miracle had dissolved into a mirage. His relationship with prime minister Margaret Thatcher had all but broken down in his attempt to convince her to take sterling into the European exchange rate mechanism. For four years the chancellor of the exchequer had battled in vain to tie sterling to the D-Mark. Boom was turning to bust yet even now he hoped he might persuade her to relent. But the pivotal relationship of the Thatcher decade had fractured.

Her intense irritation with speculation that she might be forced to admit "the time was right" to join the ERM had bred in the prime minister a growing indiscretion. Her careless comments in the House of Commons about "bucking the market" had badly undermined the chancellor's authority. As she looked forward to the return to 10 Downing Street of Sir Alan Walters, her staunchest ally in the struggle with Lawson, she was still more forthright in private conversations.

One such occasion was a reception for political journalists in the House of Commons in January 1989. Thatcher was in relaxed mood, reflecting on the momentous events in Mikhail Gorbachev's Soviet Union. Then conversation turned to the ERM. "I won't have the Belgians decide the value of the pound," she stormed. "You shouldn't pay attention to what they say in the Treasury."

Her interlocutors were startled. But she launched next into an account of the "national humiliation" of Britain's withdrawal in 1973 from the European Single Market. She had been education secretary at the time but she spoke as if it had been a moment of personal shame. Then there was the contradiction she had pointed out in an exchange with Neil Kinnock only days earlier

How Thatcher was left alone

In further edited extracts from his book, Philip Stephens tells of a breakdown in cabinet relationships



Howe, Thatcher and Lawson: who could have guessed that Major would succeed each of them in turn? (Photograph by FT photographer)

tackling inflation was the main priority and you could not fix interest rates and the exchange rate at the same moment. She continued unprompted with her catalogue of objections. No, she was not even sure that she would join the ERM if, as she fully expected, she won a fourth term of office.

Her views duly appeared on the front pages of two national newspapers the following morning. The Treasury was baffled and annoyed. A senior official briefed journalists that the reports no longer reflected the true position. It was not until some time later that the Treasury discovered the words had come directly from the prime minister herself. Such was the way economic policy was made in Margaret Thatcher's government.

The row over the D-Mark had exposed fundamental differences in approach to economic management. Lawson was forever in search of intellectual frameworks - rules to contain public spending, balanced budget doctrines, exchange rate systems - into which he could slot day-to-day management of the economy. For all the contradictions in her outlook, Thatcher's instinct was

to hang on to a few eternal verities. The "flat-earth" monetarists who inhabited the fringes of economics during the 1970s and 1980s never lost their attraction. The final showdown came six months later, in June 1989. After the publication of the Delors plan for a European single currency, Lawson had built an alliance with Geoffrey Howe, the foreign sec-

The voice of the people

On the opening day of the Conservative party conference in October 1992, senior Treasury officials were summoned to Brighton by John Major and Norman Lamont. It was three weeks since sterling had been ejected from the ERM, but the government had still to build an alternative economic strategy. The officials gathered without fanfare, unnoticed by television crews as they gathered in an upstairs suite of Brighton's Grand Hotel.

Major and his team of officials from No 10 looked out of the hotel windows towards the beach. A knot of protesters gathered opposite on the promenade and another group travelled along the seafront in a bus fitted with loudspeakers. The protesters' demands drifted into the room: "Cut interest rates now, end the recession."

If only they knew, thought one of those in the room. Within two weeks, Major had unveiled his "strategy for growth". Now he would listen to the clamour in the country for an end to the recession.

They would persuade Thatcher that only if it made a firm commitment to join the ERM would the government's objections to economic and monetary union be taken seriously by its European partners.

Their joint memorandum, sent to the prime minister in the run-up to the European summit in Madrid, was a remarkable document, distilling in 35 terse paragraphs the conflict at the heart of the cabinet. Its innocent title, "EC Issues and Madrid", belied the explosive nature of its content. Its final sentence, "Could we discuss this with you?", offered a vivid image of the extent to which Lawson and Howe had been driven from the government's inner councils.

Ostensibly, the strategy outline by the two ministers was tailored to the prime minister's objectives. By signalling that it was ready to join the ERM, Britain might derail Delors' ambition to use the mechanism as a springboard for a single currency. But the memorandum went well beyond that narrow objective. In terms which were soon to find a constant echo among pro-Europeans on the Conservative back benches, it carried a deeper warning about the risks of isolation in Europe. The choice was between engagement in the debate and banishment to the sidelines. A threat to veto EMU would be a futile gesture: there was a real prospect that the other 11 governments would establish new arrangements outside the Treaty of Rome to create a single currency. And if Britain became "semi-detached" it would soon find it had lost influence in Washington as well as in Brussels.

The officials who drafted the document were aware that their political masters were playing with fire. It was classified "secret", and only a handful of people had access. Terence Burns, Lawson's chief economic adviser, added his voice to those counselling discretion, writing a cautionary note in the margin of an early draft. At another point, John Kerr, Howe's private secretary, was heard to remark that, if Howe and Lawson did not tread with extreme caution, "they will both be gone by the end of the year". And so it was.

Margaret Thatcher had been cornered but, as Kerr predicted, she would exact revenge. Her decision to move Geoffrey Howe from the Foreign Office in July 1989 and Nigel Lawson's resignation three months later carried an air of painful inevitability.

The ultimatum delivered by her two most senior ministers had given her a choice. She could leave them in place and submit; or she could seek to break the alliance and reassert her supremacy. It was true to her character that she chose the latter. It was also to be expected that Lawson would soon conclude that he had nothing to gain from remaining at the Treasury. The relationship between prime minister and chancellor is the essential hinge of any government. That between Margaret Thatcher and Nigel Lawson had snapped.

She failed to realise, however, that in re-establishing the outward form of her authority, she would destroy its foundations. Howe and Lawson in their different ways had been the architects of Thatcherism - they had given intellectual shape and substance to her powerful instincts and undoubted courage. Once they had gone, she would be alone. No one could have guessed that within 18 months John Major would have succeeded all three of them in turn.

The countdown to cabinet meltdown

Continued from Page 1

Germany remained high, however, his partners could not borrow costs. The potential tension had been apparent when Britain joined the ERM two years earlier. But it was not until 1992 that the Treasury and the Bank fully appreciated the seriousness of the conflict. Major had joined the ERM to tame inflation. The danger now was that it would bring depression.

Just as it cracked the foundations of the ERM, so the Danish vote destroyed the fragile peace over Europe in the Tory party. As the prospects for economic recovery receded, Europe and the economy were becoming inextricably entangled. A growing band of Conservative Eurosceptics made the dangerous elision between the treaty, the ERM and the recession.

It was obvious the economy needed a sharp cut in interest rates, but that was not possible with sterling tied to the D-Mark. And what was the ERM, the Eurosceptics asked, if not the route to the single currency and the federal state envisaged by the treaty?

The Tory divisions over Europe would soon harden into the most destructive internal

conflict since that over tariff reform at the beginning of the century.

It was at this point, however, that the government made the critical judgment which led inexorably to Black Wednesday. It ruled out devaluation except in the highly unlikely and unexpected circumstance of a revaluation of the D-Mark against all other ERM currencies.

From the starting point that, above all, the economy required lower interest rates, the Treasury concluded fatefully that devaluation inside the ERM would lead to higher rather than to lower borrowing costs. At 10 per cent, British interest rates were only about 0.35 percentage points higher than those in Germany.

This small "risk premium" was much lower than at any point in the 1980s. The Treasury believed the gap had closed only because the markets now accepted the government's commitment to defend sterling's value. The conclusion was that if the pound was devalued - unilaterally or alongside other weak currencies such as the lira and the

peseta - this essential credibility would be lost. Investors would demand a higher risk premium and devaluation would thus lead to higher interest rates or still further pressure on sterling.

This analysis - set out in detail in a confidential Treasury paper written by Alan Budd, the chief economic adviser, and endorsed by Terence Burns - was reinforced by a second assumption. This was that the theoretical benefit of a lower pound would be strictly temporary. Higher import prices would quickly feed through into increased costs for domestic producers, wiping out the initial competitive gains.

The odd dissenting voice was heard in Whitehall. Some Treasury officials questioned the wisdom of slamming shut so firmly its potential escape routes. But the official orthodoxy formed the basis for a definitive speech by the chancellor. Delivered on July 10 to the European Policy Forum, his obstinate rejection of devaluation would return to haunt the chancellor. From this point there was no going back. The

policy and the rhetoric became mutually reinforcing.

Major now fell into a perilous trap. Like Winston Churchill and Harold Wilson before him, he treated sterling's exchange rate as a badge of national pride. In his private and public pronouncements, he insisted he would defend the pound to the last. In five, perhaps 10, years, he mused, ster-

ling would be among the world's strongest currencies - stronger perhaps than the D-Mark. It was a proposition as fanciful as it was dangerous.

Only when Eddie George was present could they track events in the markets

ling would be among the world's strongest currencies - stronger perhaps than the D-Mark. It was a proposition as fanciful as it was dangerous.

For those who watched as sterling was driven out of the ERM, it was a convulsive experience.

riance, the most devastating of their political careers. Douglas Hurd, the foreign secretary, would later recall that, outside, it was a bright sunny day.

The mood within Whitehall had never been darker. Robin Leigh-Pemberton, the Bank governor, was overwhelmed by a terrible sense of failure. Kenneth Clarke, the home secretary, and Michael Heseltine, the trade secretary, were stunned by their helplessness. Hurd saw his carefully crafted European policy demolished alongside the government's economic strategy.

Severely shaken, Major nonetheless safeguarded his own position. His senior ministers were locked into every decision to ensure this was a collective defeat. Clarke would recall: "We were there to put our hands in the blood."

There were moments of dark comedy. Major's temporary base in Admiralty House during the refurbishment of 10 Downing Street had no telephone switchboard, no Reuters monitors, no computer network. Lamont dived to and from the Treasury.

Eddie George carried a

pocket Reuters screen, but only when he was present could other ministers track events in the markets. At one point Hurd, Heseltine and Clarke found themselves sitting idly in an ante-room without even a television set to follow the pound's slide. Richard Ryder, the chief whip, searched in vain for a radio.

As the speculators drained the Bank of England's currency reserves, the pro-European Clarke thought the moral was clear: Europe should create a single currency "pretty damn quick".

By mid-morning Lamont knew he had lost. He was standing in his outer office at the Treasury, hunched over the Reuters screen. His colleagues had endorsed a rise in interest rates from 10 to 12 per cent. At 11am the news of this increase flashed across the top of the screen. Lamont watched the display below. Sterling was on its ERM floor of DM2.780. It remained there. The rate rise had no effect. "It was over," Lamont said later.

At 12.45 Major heard Lamont's dismal prognosis before reconvening in 15 minutes a

larger meeting of ministers and officials. The chancellor judged sterling's withdrawal from the system inevitable. Leigh-Pemberton concurred: the reserves were haemorrhaging. Major set out the options: □ The Bank could keep intervening until its reserves were exhausted; □ The government could announce another, temporary, interest rate rise of three percentage points; □ It could seek a realignment within the ERM; □ The pound's membership could be suspended.

The Chancellor and the Bank favoured the fourth option. Major went round the table to elicit the views of each of his most senior ministers. Hurd led the argument that the government must keep fighting. There must be no accusation later that it had "thrown in the towel at the first squall".

Clarke backed another interest rate rise, as did Heseltine. But there was little confidence that the strategy would work. Heseltine thought it was too late to make a real choice. So by the time the ministers regrouped at 3.45pm no one

had any doubts that the government had lost. Interest rates had been raised to 15 per cent. More than \$30bn had been thrown in vain at the markets, all but exhausting the reserves. Clarke, Hurd and Heseltine waited around for an hour before Lamont and Leigh-Pemberton arrived, cut off from the news but unhappily certain that this was a moment too terrible to be missed.

When the larger meeting was again reconvened at 5pm the decision to pull out of the ERM was a formality. The government's economic policy lay in ruins. Major's political reputation was in shreds, his party torn asunder. The failure robbed the prime minister of the authority of his office, just as his devaluation had so damaged Harold Wilson in 1967.

After his enforced departure from the Treasury, Lamont would charge that the government behaved as if "in office but not in power". To the extent that was true, Black Wednesday was responsible. ■ *Politics and the Pound*, by Philip Stephens, is published by Macmillan on March 22, price £20. FT Bookshop is offering signed copies at £20, including UK postage, to the first 50 readers to ring 0800-416418. See Page XIV for details.

Minding Your Own Business

Tight credit regime saves publisher's day

Clive Fewins on how a directory company landed on its feet

Salim Bhimji thought he was doomed to failure 10 months into the first year of his six-year-old business. His landlord noticed a large pile of printed material on the landing outside his Chelsea flat and pointed out that he was contravening the rules of his tenancy by running a business from his home. In the business plan for his publishing venture Bhimji had calculated that he needed to operate from home for the first 2½ years to be at all sure of financial success. He realised he faced a crisis.

After a hasty search, he managed to find suitable offices for himself and Wendy Simpson, his part-time assistant. In a townhouse in Knightsbridge, a seven minute walk from his flat.

He used the skills he had learned as a freelance display advertisement salesman, negotiating rates to reduce the rent to £7,200 a year. "I discovered the existing tenant was on the verge of bankruptcy and that the landlord was desperate for a new tenant," he said. "In the end I got the first six months rent-free."

Bhimji, 32, now runs a marine directory publishing business employing seven and turning over around £500,000 a year. Gross profits last year were £61,700 on a turnover of

£440,000. This year they are expected to be slightly better - about 16 per cent gross on a turnover of £530,000. However, he admits that he was lucky in getting through his first year.

"No matter how skilled and talented you are in order to succeed in business you also have to be lucky," he said. Bhimji had not anticipated having to pay rent and business rates in his first 18-month accounting period. He had also made allowance for bad debts of £3,500 on advance sales of advertisements in his flagship publication, The Shipmanagers Register, whereas the true figure was £7,000.

"We could have been over our agreed overdraft figure of £30,000 after eight months, giving our banker, Lloyds, the potential to close us down," said Bhimji.

However, two more strokes of luck put him on the road to prosperity. The Kent-based printer of his first print run of 5,000 copies allowed him 60 days' credit, and his 25 per cent shareholders - the company he had acquired the title from in 1989 - allowed him 60 days' grace in paying the first of the 3.5 per cent royalties due on the first three issues.

At the end of his first accounting period in March 1991, Bhimji found he could breathe again. After working up to 90 hours a week, mainly on the end of a telephone selling advertising all over the world, his company, Ocean Press and Publishing, showed a gross profit of £21,000 on a turnover of £125,000.

Looking back, he thinks his greatest success was to negotiate a tight credit regime. The Shipmanagers Register and the two sister publications he has introduced survive on the advanced sales of advertising valued at up to £175,000 an issue. Collecting this money via his bank from the 55 countries where he has customers has, not surprisingly, caused Bhimji headaches throughout his six years in business.

The next stage for the company is to offer a parallel service on the Internet

"The title I acquired - then called the International Ship Management Handbook - was losing money for precisely this reason, and also because of poor sales levels," he said. "The company that ran it subsequently ceased trading in 1992."

Bhimji uses what he calls "my invention" to ensure cash flow. "My rule is that I do not deal with any potential advertiser until I know they have appeared twice in any other title," he said.

He achieves this by studying every other directory in the same field. He also has an arrangement with a Dutch company that supplies him with credit reports in return

for concessionary advertising rates. The reason for the rule about appearing twice is that if a bill is unpaid it is unlikely that an advertisement will be accepted in the next issue of that publication. Bhimji has also built up a database on how much is spent by each of his clients on advertisements in other publications.

Bhimji's "invention" has meant that bad debts have been reduced from 6 per cent in 1990 to nearer 2 per cent in his last trading year, which ended in March 1995.

His other headache has been staffing. "We have managed to acquire more space in the same building," he said. "Rent is now £12,500 for two floors. However, although we are now up to seven people on sales, editorial and administration on our three publications we still have a vacancy for a third sales person on The Shipmanagers Register. While our core staff is stable we have seen five people come and go in 16 months in that job."

Bhimji reluctantly accepts responsibility for this failure. "I believe I have mistakenly been putting them on territories where realistically there is very limited potential," he said. "I now feel the fault is mine, and that makes me feel bad. I suspect that at least two very good people have been and gone as a result of a serious misjudgment on my part."

Once turnover reaches £700,000 he thinks there will be a strong case for employing a full-time credit controller. The next stage in the com-



Facing up to crises: Salim Bhimji outside his Knightsbridge office

ny's future is to offer a parallel service on the Internet, and to find a partner who will cover sales in India, Pakistan and Sri Lanka from an office in India. Bhimji's family originated

from the north Indian state of Gujarat, although his parents are Kenyan Asians who came to England in 1973. Bhimji visits clients in India and south-east Asia three times a year

and those in Scandinavia once a year.

"Some 97 per cent of our sales are overseas," said Bhimji. "This makes us, for our size, a useful source of

export earnings for this country."

■ *Ocean Press and Publishing Ltd*, 10 Beauchamp Place, Knightsbridge, London SW3 1NG. Tel: 0171-594 9580.

Check No 1118, 1 R4 (thrust 2 R40), 1 R44 2 R43, or R45 2 R43. Traps include 1 R47 2 R44 or 1 R47 R45 or 1 R47 2 R44.

Quarkle

PERSPECTIVES

Morals adrift in the marketplace

Ian Hargreaves asks whether society is becoming immoral or is it simply lost in the confusion during a period of rapid change

It is not difficult to raise a quorum for the view that the UK is going to hell. In politics, there is something persistent about the morality soap opera. Moral judgement is the basis of all law-making, after all.

When your average sophisticated British politician discusses morality, someone invariably quotes Macaulay. "We know of no spectacle so ridiculous as the British public in one of its periodical fits of morality."

Whenever a British politician strikes a high moral tone, as John Major did in his Back to Basics campaign, the political world knows that it is only a matter of time before that leader is standing forlorn, wishing he had kept quiet.

We may be sure that something is going on when The School Curriculum Assessment Authority, which decides what children should learn in school and is known to education people as Scar, recently held a conference in London to debate the state of morality and plan a standing "values forum" to determine, and then promulgate, a new moral message.

Nicholas Tate, the head of Scar, told the conference that society was floundering in a sea of relativism, which he defined as "the view that morality is largely a matter of taste or opinion, that there is no such thing as moral error". In evidence, he pointed to a 1994 Mori poll, in which 48 per cent of 15 to 35 year olds said they did not believe that there were definite rights and wrongs in life, while 41 per cent felt that morality always depended upon circumstances.

Teachers found it difficult to convey a firm case of right and wrong to their pupils because of the decline of religion, guilt at past excesses in dismissing the values of alien cultures, the rise of consumerism and, said Tate, "the full flowering of post modernism, with its simultaneous and dispiriting rejection both of universal values and of our traditional sense of the significance of the culturally specific".

He admits that by the end of the conference things looked less clear than in his opening speech. Scar's values forum is even now hunting for "agreement within the country about basic moral principles" and a means of then conveying these to schoolchildren.

"It's fairly clear," Tate says, "that it will not take the form of a simplistic set of moral commandments for the 1990s, even though I can see the advantages in a school of turning a statement of shared values into something that's catchy and memorable."

It is not difficult to spy dangers. The most obvious is whether we are, as Macaulay's dictum implies, imagining this moral crisis as many have been imagined before it.

Perhaps our willingness to be alarmed reflects not our moral performance, but the confusion caused by rapid social and economic change



and the fall from authority of traditional moral teachers, whether secular or religious. Perhaps the whole moral panic represents a harking back to something which most of us would not want to recover, even if we could.

The evidence about moral decline relies upon two trends: the increase in divorce and the rise in violent crime. Certainly the former cannot be denied: since the 1960s birth control, affluence and a changed view of women have combined to alter family structures dramatically, although the debate about lone parents often misses the point that four-fifths of children still live in a household with two adults, one of each gender.

On crime, the statistics are slippery. The only truly reliable long-run figures are those for homicide, which show that the murder rate declined for seven centuries up to the present one, when it has been more or less stable. You were 10 times more likely to be murdered in Oxford in 1340 than in England today.

But this is not really an argument about figures. It is a debate about what we define as "the good life". Jonathan Sacks, the chief rabbi, and a big influence upon Tate, argues that our "moral crisis" began in the 1960s "when leaders of all kinds suddenly lost the confidence in handing on

moral traditions". He warns if we do not do something to "recover values of integrity in business and fidelity in human sexual relations, then we shall see the collapse of 4,000 years of Judeo-Christian civilisation".

The alternative view allows that the 1960s were indeed a period of appetite, with the birth of the mass consumer

You were 10 times more likely to be murdered in Oxford in 1340 than in England today

society, but that the decade also represented a turning point in many morally positive ways: we became more open-minded, sensitive to the needs and status of women, tolerant towards people of different racial origins and attentive to environmental questions.

Theodore Zeldin, author of the recent *Intimate History of Humanity*, argues that from the early 1960s "there was a moral movement which rejected the idea that people

could treat each other in the same way as they used to treat animals; they could not expect to be king of their families, they could not expect to be king of their firms, but they had to discover the dignity of other people".

As women started to improve their position in society, they began talking more equally with their partners, demanding honesty. A higher divorce rate, says Zeldin, represents among other things "a raising of standards".

Don Cupitt, who in the 1960s was starting to make his name as a radical Christian theologian, also thinks that we are in "a period of all change, rather than moral decline".

Economic liberals, he says, "often believe that everything else can float on the free market but that moral values can somehow be exempt. In fact, morality is all bound up with everything else. If you have a society that's in a continual flux of change, morality is going to be so as well."

Neither Zeldin nor Cupitt denies the importance of stable parenting structures for children. But they argue that there is no turning back.

Our definition of the good life has changed, not because we are degenerate but because we want it to. For politicians, this counter-analysis presents an awkward paradox.

Both Tory belief in entrepre-

neurial individualism and the Blairite vision of an adaptable, high-tech "young country" require enthusiastic embrace of change, but the party leaders feel that they must also promise their supporters personal security. We cannot have both.

Another flaw in Tate's argument is that he cannot, beyond his Mori poll, come up with much evidence that young people are less moral or relativistic than their peers of earlier generations. To point to the bleak ironies of Quentin Taran-

tino or Nirvana, the US rock band, ignores the fact that you can find the same qualities in Shakespeare or Ibsen. No one really argues that we should seek to overturn what moral philosophers identify as "the golden rule" which has bound numerous civilisations - namely, that you should treat others as you would expect to be treated.

The point about the golden rule is that it requires constant re-interpretation and expression. Nor should it worry us that young people say most or

even all moral judgments depend upon circumstances, because most do. The law properly distinguishes between an accidental killing and a cold-blooded murder.

Moral confusion arises for the young when the state is perceived to be hypocritical, for example in considering the exchange of one type of drug offence punishable by jail and another a cocktail party.

Mary Marsh, the head of Holland Park School, in west London, which has 1,500 pupils from 50 nationalities, says that

she finds her pupils "more morally conscious" than their peers of 20 or 30 years ago. She points to their strong sense of personal loyalty, their commitment to fairness between races and genders, their passion for environmental issues, their concern for charity and humanitarian causes. She says that some moral decisions face children earlier than they used to - sex is the obvious example - and that therefore "it's more visible to adults because these are still children at home".

Moral choices are also becoming more numerous, and in a sense we all know too much. Where once, trusted doctors took decisions about the treatment of the dying, today we have an open consideration of euthanasia. Genetic medicine makes intervention in natural outcomes - like the transmission of serious complaints such as cystic fibrosis - a question of personal moral choice. Rather than tell patients what they should do, doctors today offer risk assessments and probability ratios.

This makes our times morally demanding, but it doesn't make us immoral. A lot of the noise we hear in the debate involves the old moral authorities seeking to recover their status. But not many today think that politicians are equipped to build a new Jerusalem and fewer still would trust a prelate to design it.

Thinking for yourself, grappling with the moral universe as you see it, without the benefit of a trusted moral establishment, is harder than following a rule-book without asking questions, but it is also a more sure way to a worthwhile morality.

What we need to offer young people is not a moral highway code between hard covers, which would be obsolete as soon as it left the printers, but a multi-dimensional moral radar. As Charlotte Brontë said: "Conventionality is not morality."

Ian Hargreaves presents Analysis: the Moral Marketplace on Radio 4 at 4.15pm tomorrow.

Radio, Page XVII

The Nature of Things / Clive Cookson

Quarklets in the quark?

Scientists make a strange remark:
We see quarklets in the quark!

For 30 years physicists have taught a doctrine, known as the Standard Model, in which quarks are the fundamental, indivisible building blocks of matter. So the first tentative evidence that the quark is not the ultimate subatomic particle - that something even smaller may lie within it - has put the world of particle physics in a flutter.

The evidence comes from experiments at the world's most powerful atom-smasher, Fermilab near Chicago. It was first published last month in *Science*, not as a refereed paper - the usual way for the journal to break research news - but as a journalistic scoop.

The Fermilab findings are preliminary and an alternative explanation to quarklets may yet emerge. Otherwise a new theory will have to be constructed, because the Standard Model has absolutely nothing to say about the hypothetical constituents of the quark.

The evidence comes from smashing protons into anti-protons at the highest possible energies. The proton contains three quarks - one "down" and two "up" - held together by lighter particles called gluons; the anti-proton has two down quarks and one up. (The quark was named by Murray Gell-Mann, the US Nobel laureate, after a line in *Finnegans Wake*: "Three

quarks for Master Mark.") Occasionally a proton/anti-proton collision is in the right orientation to produce a head-on crash between two quarks. They destroy one another in a burst of energy, which re-materialises in a spray of subatomic debris. Analysis of the Fermilab spray patterns shows that there are significantly more of the most violent head-on collisions than the Standard Model predicts.

The findings suggest that "harder" sub-particles are buried within the quarks. For an analogy, imagine hurling snowballs together. There will be more violent collisions if you pack them with pebbles.

The news from Fermilab will remind scientific historians of the experiment 86 years ago at Manchester University, which led to Ernest Rutherford's discovery of the atomic nucleus. Rutherford's research team aimed alpha particles (from a radium source) at thin sheets of gold foil, and found that more particles bounced back than the current theory of a structureless atom would suggest. Rutherford proposed instead that atoms consisted of a dense, positively charged nucleus surrounded by negatively charged electrons.

During the 1920s and 30s physicists went on to show that the nucleus itself contains charged protons and uncharged neutrons. And in the 60s and 70s atom-smashing experiments proved that protons and neutrons were each made up of three quarks.

Although only two types of quark, "up" and "down", are found in ordinary matter, the Standard Model predicts that there should be six. The existence of the sixth and last member of the family, the "top" quark, was finally confirmed a year ago at Fermilab. (Matching the six quarks is a family of six lighter particles called leptons, the most important of which is the electron.) Because the Fermilab observations of possible quark structure were made with the accelerator working at the furthest limits of its capabilities, scientists may not be able to settle the issue, one way or the other, for several months or years. Indeed it may not be resolved until an even more powerful machine starts operating at Cern, the European laboratory near Geneva, in about 2005.

Meanwhile, theorists warn against leaping too quickly to conclusions. Apart from quarklets, there are several alternative explanations for the Fermilab data. The most prosaic would be some systematic error in the experiment, such as the calibration of the particle detectors. The researchers say they have discounted this but, with such complex equipment, can they be sure?

A more exciting possibility is that a previously unknown force, operating at ultra-short distances, affects the way in which the quarks bounce off one another. Or that the most energetic collisions create a

new super-particle which decays almost instantly into a spray of debris.

But invoking previously unknown forces and particles could be even harder for the theorists than giving quarks some internal structure.

The Standard Model does not absolutely prohibit structure within a quark, says Frank Close, head of theoretical physics at the UK Rutherford Appleton Laboratory. "But if there is an internal structure to quarks, then nature has disguised it remarkably well to look as if there isn't any. It is not just peeling another layer off the onion; there must be new physics there."

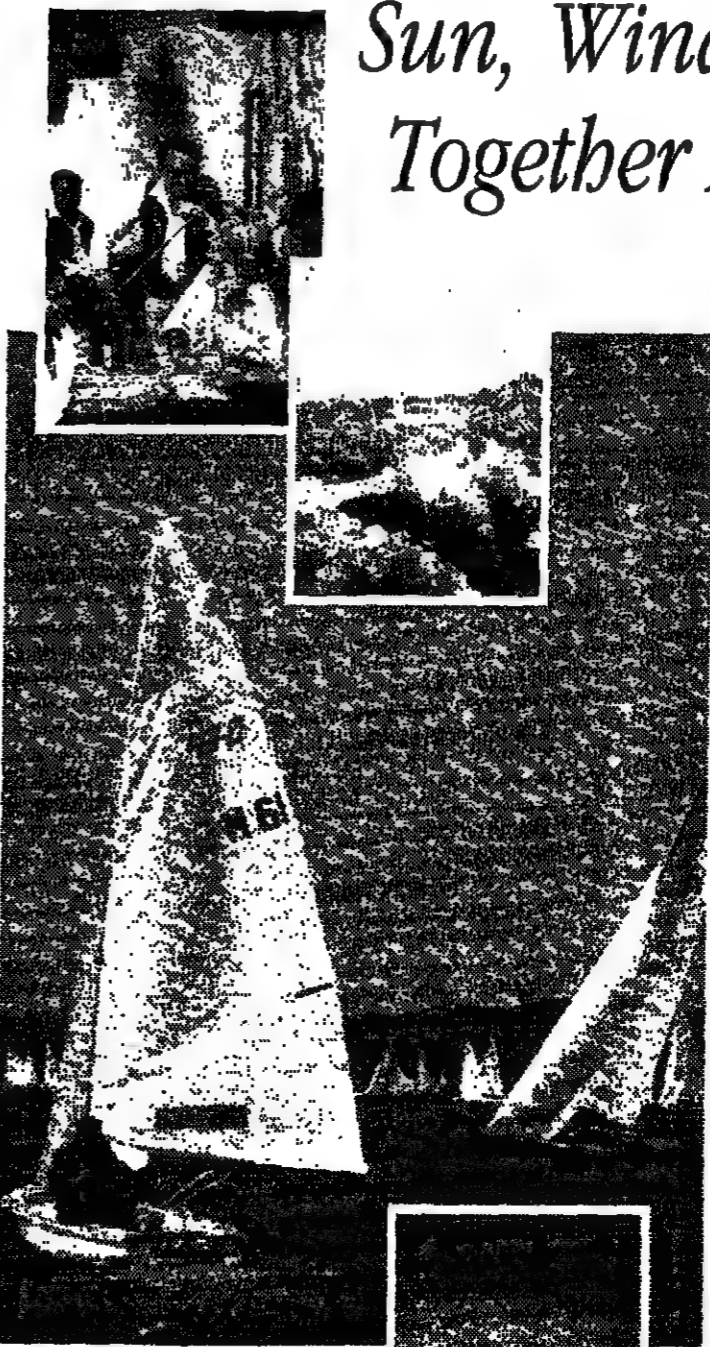
In other words, there is no way, within the known laws of physics, to divide up quarks or electrons into ever smaller generations of sub-particles. Because each step squeezes the mass into particular spaces, and leaves other spaces relatively empty, the process would require impossibly high concentrations of matter in impossibly little space.

If there were a way round this problem, then it would be possible to imagine a series of structures at increasingly small sizes: molecule, atom, nucleus, proton, quark, quarklet... But not ad infinitum.

Quantum theory sets the ultimate limit of miniaturisation at about 10 to the power of -34 metres. The atom is a million million million times bigger than that, so there could still be a long way to go.

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It is especially worth coming to Hungary in 1996 as the country celebrates the 1100th anniversary of the settlement with more than 1100 programmes.

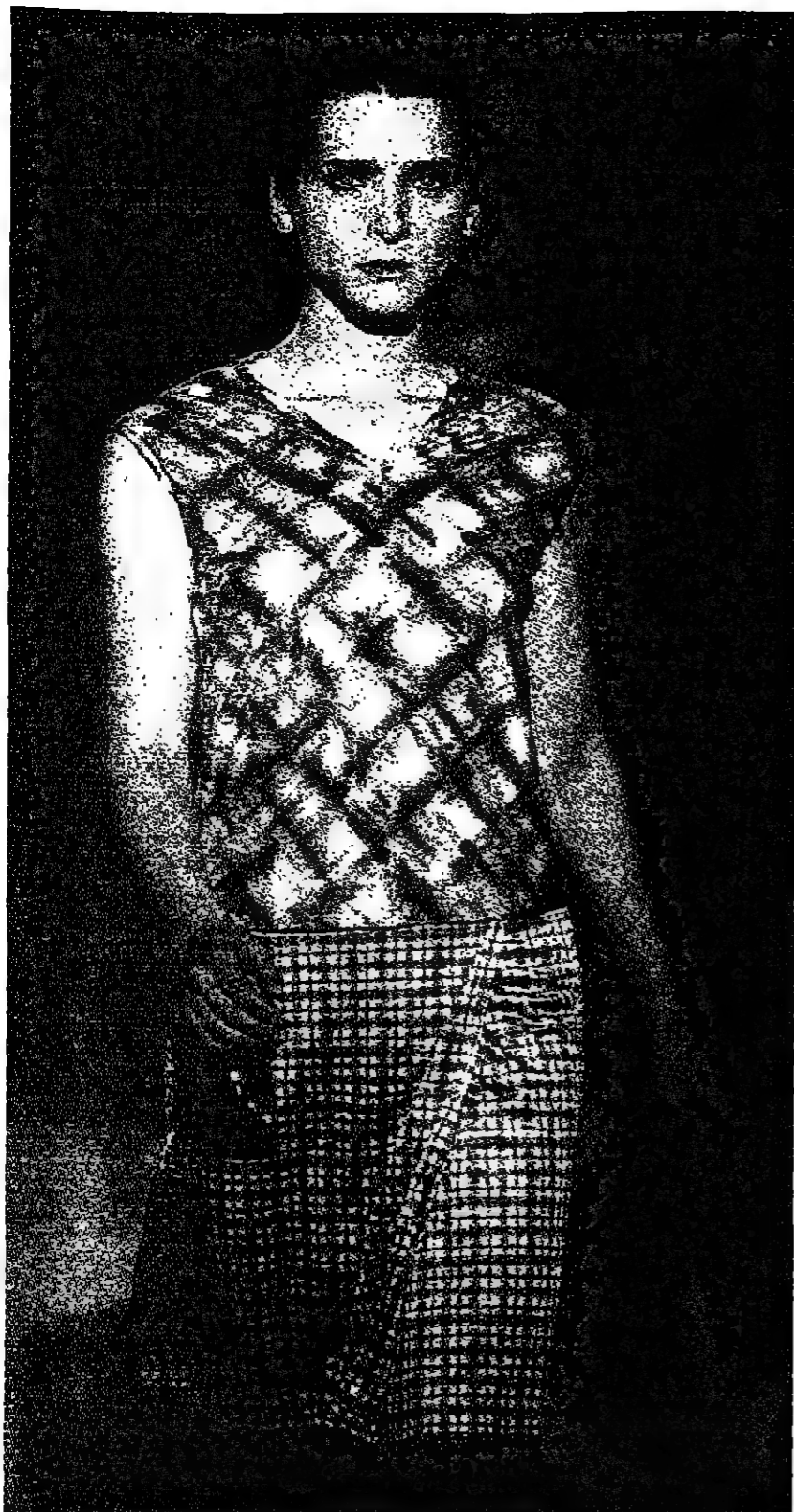
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'96 HUNGARY!
1100 YEARS IN THE HEART OF EUROPE

FASHION

Riding on a wave of bad taste

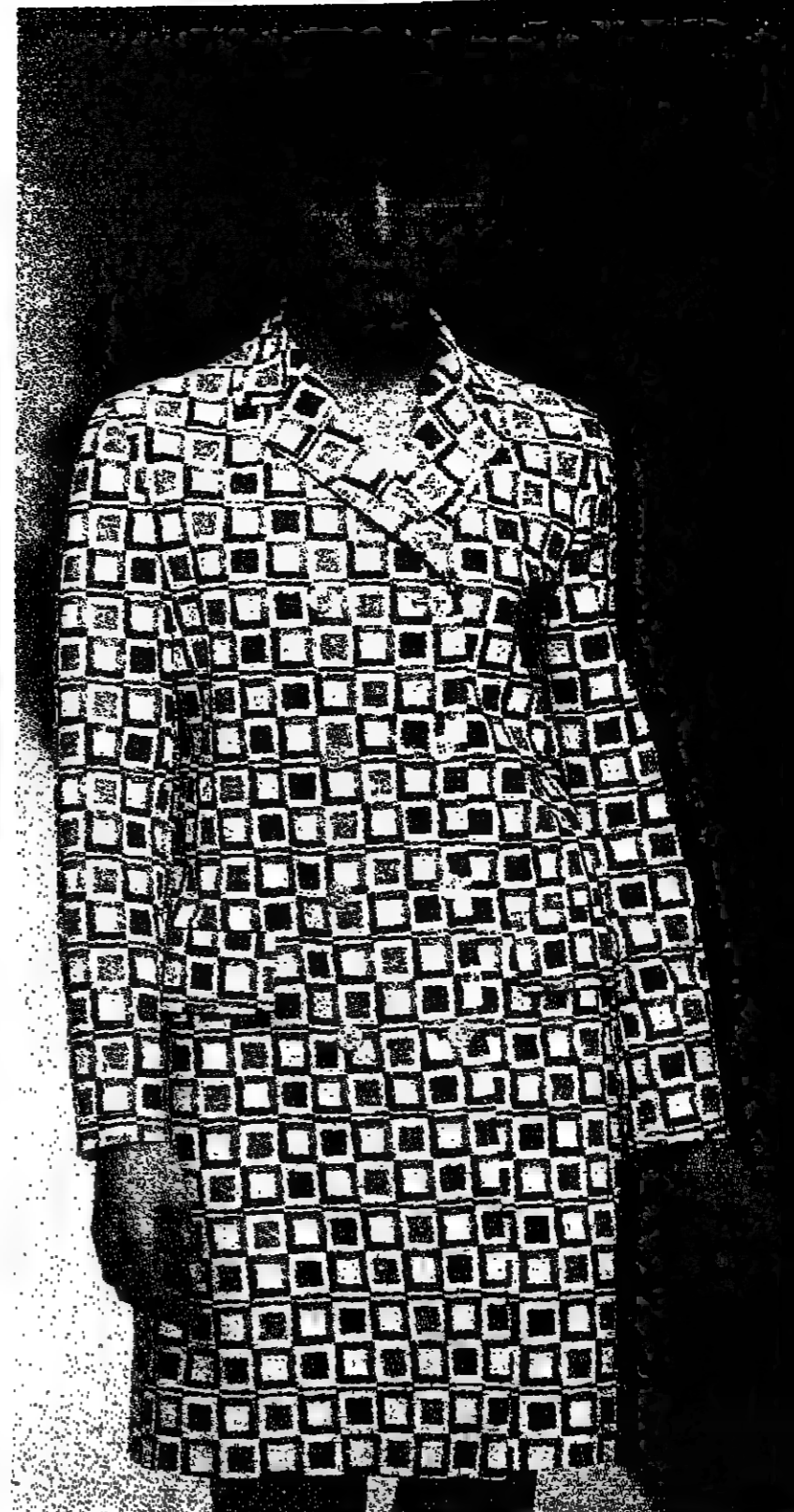
Armani might be safe – but his good taste may be partly responsible for dragging car park style on to the catwalk, writes Marion Hume



Vivid plaid top (£150) and skirt (£110) by Versus, 92 Brompton Road, London SW3 (0171-581 8407)



Sleeveless hospital gown dress by Miu Miu, Liberty, Regent Street, London W1 (0171-734 1234). Prices from £75



Prada's upholstery print coat, £268. From Prada, 44-45 Soane Street, London SW1 (0171-225 0006)

Photographs by Niall McNameey

Nancy Mitford tried to make things simple: everything was either U or Non-U. The boundaries of what one could or could not wear were obvious. If one strayed, one was damned for being "in awfully bad taste".

Today, the boundaries between good and bad taste are shifting. Fashion designers, bored perhaps by citing a few ultra-elegant women as muses, are finding inspiration instead in car parks, greasy spoon cafes and even dentist surgeries.

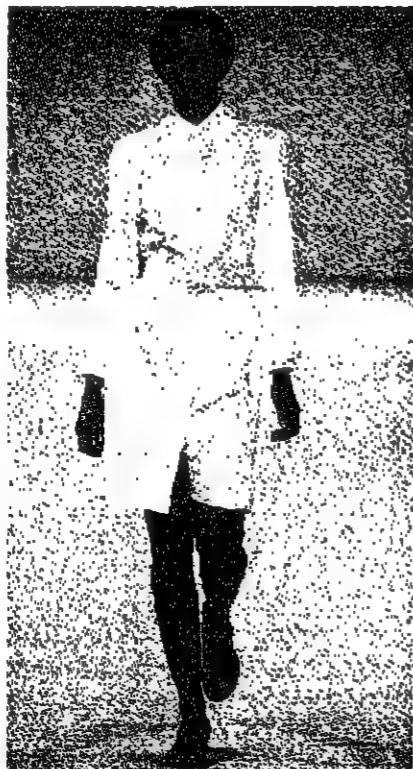
Parking attendants in polyester uniforms, waitresses in tight, tiny dresses with their names embroidered across one breast, dental technicians in Velcro-fastening overalls have all become improbable icons of style for spring.

Dental nurses and waitresses will no doubt be surprised, even appalled, to learn that their cosy-cure, 100 per cent synthetic uniforms have caught the attention of the top fashion designers.

One of today's main taste-makers is Miuccia Prada, whose bag, A-line skirt and sumptuous Prada coat whisper of money and sophistication. Yet she is now producing chalky blue shirt and trouser combinations that would not look out of place on a garage forecourt. A scientist's laboratory coat attacked with a felt tip pen is deemed a desirable coat and a sleeveless hospital gown with a hefty price tag is just the dress to wear off the wards.

Prada is not alone in exploring shapes and patterns previously considered right off the fashion map. Victor Alfaro, one of the "buzz" names in New York fashion, has dresses that normally belong behind a department store cosmetics counter. Even Calvin Klein has lemon and raspberry striped sheath dresses that resemble Neapolitan ice creams.

Junya Watanabe, who is Japanese and shows in Paris, offers dresses in prints reminiscent of the upholstery of a trailer home, or the wallpaper in a kitchen set in the TV drama *Our Friends in the North*.



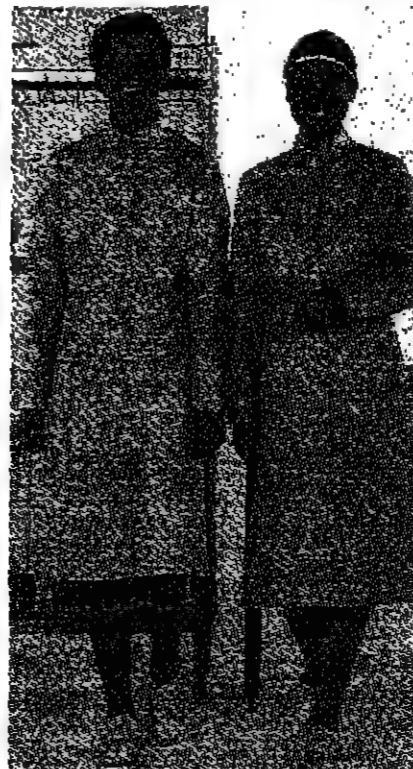
Dress by Victor Alfaro, from £485. A la Mode, 36 Hans Crescent, London SW1 (0171-584 2133)



'Felt pen painted' skirt by Marc Jacobs, £250. From A la Mode



Upholstery print dress by Junya Watanabe, £225. From Liberty



Caterer's uniform by Alexandra, £27.55, 7 Marble Arch, London W1 (0171-723 8906)

Fashion imagery, as well as fashion design, has crossed over the taste line. Dazed & Confused, a funky and streetwise magazine, regularly features "bad taste" styling, including garments from Denny's and Alexandras, both uniform suppliers.

In the past, gorgeous girls have been discovered in chip shops and at go-kart tracks and turned into soigné model swans. Now, cutting edge style magazines are taking models (including those with titles or double-barreled names) and pos-

ing them "ironically" – in ugly clothes and the ugliest locations.

What is going on? At the fashion shows for the spring/summer season (in Milan and London, Paris and New York last October) the professional fashion pundits sat po-faced and tried to deconstruct "the trend". Perhaps the natural response was that of the actor Tim Roth, who has built a name portraying low-life types in cheap clothes, and who was a guest at Prada's show for its second line, Miu Miu. When

Kate Moss appeared in olive green school knickers, a faded, floral teen bra and a "dirty old man's" nose, he got the giggles.

No one ever giggled at an Armani show. No one would dare. However, the maestro of "less is more" is perhaps more responsible than he would imagine for the bad taste wave of fashion for spring.

Armani, more than any other designer, has built an empire on safe, good taste. His customers do not need to have faith in his or her own taste, just a belief that

"More is More", is successfully moving in on itself.

Much of the bad taste is a trend. Fashion always loathes what has just preceded it, so many of the designers who are having fun with bad taste will eventually reject it in favour of something more acceptable.

Versace is the exception. To him, gleefully pushing the boundaries of acceptable taste is both an art and the key to his success. He has built a global business by refusing to be suffocated by taste, and by knowing that there are plenty of wealthy people who could not give a hoot about playing it safe.

Versace's sister, Donatella, designs the company's second line, Versus. She has great fun turning all sartorial rules upside down. So your mother told you never to wear more than one plaid at a time? Doubtless, so did Donatella's mother – which is why she does it.

Bad taste is also a sign that designers are bored – with minimalism, a colour palette devoid of colour, and the safety of navy and beige and black.

It is one thing for thrifty young shoppers to delight in sartorial shockers, and another entirely for the shopper who can spend thousands of pounds. Designer bad taste does not come cheap. Marc Jacobs, whose clothes are stocked in London by A la Mode, showed a dowdy knee-length skirt that looked as if it had been scribbled on. Close inspection showed it had been scribbled on; in painterly strokes on silk. The skirt costs £560.

The Marc Jacobs Scribble skirt is highly recognisable. So is the Prada lab coat, the Prada Hessian home furnishings suit and the lurid Versus plaid shell top (which looks as if it could have been made from any £1-a-yard fabric).

These bold pieces signal something very different to those "in the know". They signal money, the confidence to reject safe taste and the wearer's lack of need to hide behind the soft armour of beige or navy. For this spring, bad taste has become "U".

From the Trilby to the bowler

Alasdair Steven uncovers the lost art and meaning of wearing a hat

Men brave the most awful weather hats. Why do they do it? Why do men no longer wear hats?

There was a time when a gentleman would not be seen in town without a bowler or in the country without a felt hat, and when an artisan (as they were then called) without his flat cap. In Scotland men had the deer stalker (a "fore and aft") and the Glengarry; in France they had the beret. Yet they are rarely seen today.

With the exception of the baseball caps that the young wear at infuriating angles, there has been no significant male hat fashion change for more than 50 years.

Edward VII breathed life into the male millinery market. He liked to think he led the world of fashion a century ago. He wore side-crested trousers (to hide his

badly bandy legs) and cutaway coats. But he wore and popularised the Homburg. It was he who dictated that men did not have to wear a top hat which was, in any case, becoming inconvenient as motor transport developed.

It is odd that the two most popular men's hats of the century are named after minor characters in almost forgotten melodramas. Even more odd was that neither of the originators – Princess Fedora Romazoff and the Irish singer Trilby O'Ferrall – ever wore the hats. It was not uncommon for stars of the day to allow their names to be used in a variety of ways, such as Melba toast named after Dame Nellie Melba.

Umberto Giordano turned Sardou's play *Fedora* into an opera and created a hit for Enrico Caruso, who adopted the Fedora hat as his personal trademark. It immedi-

ately took on a rather jaunty swaggering appeal. Gerald du Maurier's *Trilby* premiered in London in 1915 and was a huge success. Du Maurier wore the hat in the play that became known as the Trilby.

The original Fedora had a curled (rather formal) brim. It was favoured by Chicago gangsters and acquired a sinister feel. The Trilby was more soft and raffish.

The Homburg was always popular with professional people wanting to create the impression of trust and worldliness. Sir Anthony Eden favoured Homburgs. So, too, did Tony Hancock.

Until the 1960s, a doctor or solicitor would never visit a patient or client without wearing his Homburg. It marked them out as people to be trusted. When Neville Chamberlain came back from Munich, he held a Homburg in one hand and his famous piece of paper in the other.

Hats were all about status. The Homburg was an alternative to the bowler, which took over from the top hat. But most men in the City of London wore (or at least carried) a bowler right up to the late 1980s. Important lunches and funerals demanded one and every self-respecting young blade went to James Lock and Co of St James's Street, London SW1, to buy their first bowler. Before that, important City folk (and all money brokers) wore a top hat when doing their morning rounds.

In its heyday – around the 1850s – the top hat became ridiculous. As so often with fashion, the style was taken to excess. It had grown to a staggering height of 20 inches and had become unmanageable.

Its successor, the bowler, was created by Locks, which still calls a bowler a Coke. According to folklore, William Coke of Norfolk designed a more practical "lower

crowned hard felt hat" for his gatekeepers.

The instructions from Coke were carried out by an employee called Beaulieu. That rapidly became "bowler" and, within a short time, the bowler was the uniform for the gentleman. It was worn by City folk, army majors in muffs (with tightly rolled umbrellas), the staff of Royal Ascot, horse men and women of all ages and other professionals such as undertakers. Winston Churchill had a special one – half way between a bowler and a top hat.

In the 1960s, starched collars went out of fashion; men in hats went out with the first whiff of marijuana. They seemed to represent everything that was dull and staid. Men's hair grew longer and hats looked daft perched on top of flowing locks. Today, a young man would not be seen dead in a bowler.



If the cap fits: hats were all about status. BBC

HOW TO SPEND IT



Budget shopping: from left, better's racks, 1970s tables, 'Matisse' table, chandelier, 1960s lamp and leather topped desk.

Drawings by Lucinda Rogers

Home sweet home – at a bargain

Miranda Eadie goes in search of furnishings for her first flat in auction houses, antique stores and junk shops

A few months ago, a sofa was a sofa and a bed a bed to me. But the process of trying to furnish my newly purchased flat has changed all that.

With nothing to my name but three shirtrays, a lamp and a red enamel jug, I decided to take a few days off work to look around the shops.

Beds, I soon discovered, come in infinite variations of size, shape, type of headboard, plus numerous internal factors such as bases that are sprung, slatted or fibreboard and mattresses with pocketed or continuous coil springs.

As for sofas, I found many were not even comfortable, whereas the one I buy, in my newly single state, has to be not only comfortable, but enveloping and consoling.

I found auction houses and secondhand stores provided some comfort. The choices were usually more limited but this made deciding so much simpler and they allowed the contents of my purse to stretch further. They also enabled me to avoid that "off-the-shelf" look that is the fate of so many first-time buyers' flats.

My first call was to Lots Road Galleries, the auction-

eers at 71-73 Lots Road, London SW10. Here among the modern furniture was virtually everything I needed to furnish my flat: comfortable beds, glass and chrome occasional tables (expected auction price £280 – about a tenth of the price new), a heavy pine kitchen table (expected price £250-£350) and an 18th century farmhouse table, which I thought could serve as a desk (expected price £300-£500).

There were also sofas, mirrors, paintings, chairs and a host of small accessories.

I was ready to start bidding when I realised that I had not measured up my flat properly and so could only guess which pieces might fit. And I had not had time to study shop prices to make a proper comparison.

Also, auction houses tend to under-estimate the likely selling price of items in the auction (to encourage potential bidders). This means you can find a bargain even if you pay over and above the auctioneer's guide price.

On my second visit, calmer and more in control, I bought a double bed for £250. If it is not brand new, it looks it, and it cost at least £500 less than a decent one from a shop.

With my bed installed I set

out to buy a refrigerator. Considering this too boring an item to invest in seriously, I headed for Tokyo Electric, a secondhand electrical shop at 117 Fulham Palace Road, W8. I found a clean looking combined fridge/freezer for £140 and had it delivered for £5.

The previous owners of my flat had left behind an oven and washing machine. Had they not, I could have bought an oven for between £80 and £140 and a washing-machine for between £100 and £170 from the same shop.

My biggest purchase was a desk – the hunt for which proved taxing. The only one I could really afford was a modern office desk (£95 from Andrew's Office Equipment, 49-51 Fulham High Street, SW6) but this was too ugly to consider seriously.

Number 280 Portobello Road in W10, had a pretty Art Deco office desk (£250), but this had been sold just before I walked into the shop. I ended up with an imposing 1920s officer's desk with inset brass handles and a sky blue leather top (which I justified to myself as an investment), from Tower Bridge Antiques, 159/161 Tower Bridge Road, SE1. After some haggling I got it for £550.

that I could (almost) afford. Without the five-year interest-free credit offer I could never have managed it at the same time as buying everything else.

Had I decided to go for style instead of comfort I would have gone to George Sherlock, 588 Kings Road, SW6, or Succession, 179 Westbourne Grove, W11. For a bargain I would have gone to Ikea, Divani (mail order) or Lots Road Galleries. For something colourful I would have tried the Conran Shop, 81 Fulham Road, SW3.

The prettiest items in my flat came from Bazar, 82 Golborne Road, W11. Its authentic French country furniture is priced to attract the first time buyer (kitchen tables start at £130 and wardrobes at £250). It also has decorative and antique lighting, including an elegant wrought iron chandelier with glass drops for £275.

I bought a small pale green table for £30 that looks like something out of a Matisse painting and an old French sideboard, with paint flaking off, for £110.

I always see tempting pieces at Josephine Ryan, 335 Lillie Road, SW6, but I have learned the hard way that it does not pay to be indecisive. While dithering on one occasion I missed the chance to buy a beautiful white Marcella bedspread, which, at only £40, went within a day. I am currently hankering after some bobbins shelves at £195.

Other items on my wish list are white iron and glass conservatory shelves for £300 (ideal for storing fluffy white towels in the bathroom) and a light-up Encyclopedia Britannica globe (£45) which would cast a moody glow in the corner of my sitting room. Also, a copy of an old French baker's

rack at Universal Providers, 88 Golborne Road, W10, would make a good bookcase and I could have it made to measure for about £200.

One of my favourite pieces, a round, mirror-topped Art Deco coffee table, came from Penny Farthing Antiques, 177 Bernondsey Street, SE1, one of many antique warehouses in this area. I bought it for the trade price of £35.

As a treat I also bought a large white enamel jug, which I imagined filled with lilies in the corner of my room, from Magpies, 153 Wandsworth Bridge Road, SW8. At £12 it was not really a bargain, but I like it. Magpies is a treasure trove of decorative yet functional items: wooden coat hooks, enamelware, old-fashioned iron pot holders, quaint vegetable racks, wicker wastepaper baskets, brass soap racks and bone handled knives.

Most of my other furniture came from junk shops. Shopping at these requires a lot of patience and an eye you can trust, but they hold some real gems and great bargains. Hidden among cheap plywood tables at 792 Garratt Lane in SW18, I found two round white-topped 1970s coffee tables with metal trumpet-shaped bases for

only £2 each. After a good scrub they looked a treat.

My sturdy ironing board was purchased from 12 Bacon Street (off Brick Lane, E1) for just £5, and my bedside cabinet, £10, from "the lorry" on the corner of Raddington Road and Portobello Road, W10.

I found an elegant oval-topped kitchen stool from Instinet, 83 Golborne Road, W10, for £4 and am pondering over an egg-shaped lamp at £10 and a round bevelled 20th mirror for £15 from the same place.

A one-off 1960s lamp with a silver shade and heavy stainless steel base at Brook Green Furnishers, 62 Shepherd's Bush Road, W12, has also caught my eye but I feel

the £25 price tag is too high. I am now looking at carpets. I am tempted by wool sisals, which are similar to seagrass or coconut matings but softer and easier to clean. But since they do not come cheap I will probably opt for a colourful striped jazzi (similar to a kilim but finer) for £350 from Oriental Carpets, 131 Portobello Road, W11.

What I learned overall, is that it is wrong to rush into things. Taking the time to wander round antique warehouses, secondhand stores and junk shops is not only fun but can also save a small fortune. And you can be fairly certain that whatever you buy nobody else will have.

They also enabled me to avoid that 'off-the-shelf' look

Favourite haunts and best bets

These are some of my favourite haunts (grouped by subject, then by location, then in descending order of expense).

AUCTIONS

The best bet is to attend provincial auctions where prices are lower than in London. Otherwise, Lots Road Galleries, 71-73 Lots Road, SW10, is well worth anything you can pick up almost anything you need for a house here. I think it is particularly good for sofas (which can go for as little as £100, although they may need covering) and beds.

ANTIQUES WAREHOUSES

Bernondsey, SE1. The warehouses along Bernondsey Street and Tower Bridge Road are not to be missed. Tower Bridge Antiques, 159/161 Tower Bridge Road, dedicates an entire floor to each period of furniture (Art Deco, Edwardian, Victorian etc.).

The Old Cinema, just along the road, is a disorderly mixture of anything you could possibly want – antiques and modern – and merits hunting

through. Opposite is Europa Antiques which has a wide selection of desks. Penny Farthing Antiques, 177 Bernondsey Street, also deserves a visit.

ANTIQUES/DECORATIVE FURNITURE SHOPS

Lillie Road, SW6. It is well worth spending an hour or so here exploring, although you are unlikely to find any real bargains – the shop owners know the value of their goods. But you are guaranteed to find some nice pieces.

Josephine Ryan, 335 Lillie Road, has English and French decorative furniture. Just around the corner, Christine Nolproe specialises in simple east European wardrobes and cupboards (£600-£800) and chandeliers (£195-£490).

M.A. Harley, 234 Lillie Road, has a good selection of rustic early 19th century French fruitwood tables for between £750 and £2,350. There are also some other beautiful pieces (not cheap), including a wooden slatted cheese rack (£220) which could be used as shelves.

Catherine Nimmo, 277 Lillie

Road, had an early 19th century white-painted wardrobe (£395), some yellow 19th century shelves (£35) and some nicely worn painted tables (around £300) when I was last there.

New Kings Road, SW6. Jacinthe Rhodes of Decorative Living, 55 New Kings Road, designs wardrobes and cupboards (£800-£1,500), inspired by carvings, shutters, doors, pretty locks or pieces of glass collected on her travels. A drinks trolley with bicycle wheels (£450) and an 8ft Indian boat (£350), which she envisages piled high with cushions acting as a sofa in an avant-garde flat, are typical of her quirky taste.

ANTIQUES/SECONDHAND SHOPS

Golborne Road, W10. Bazar (No.82) has simple French country furniture. Universal Providers (No.86) has copies of old French baker's racks and it is worth calling in at Les Couillies du Chien (No.65), which specialises in salvaged architectural stone-ware.

Eighty-Eight Antiques

(No.88) specialises in stripped pine, and Instinct (No.93), rather like an indoor car-boot sale, houses a mass of vases, stools, lamps, ashtrays etc.

Portobello Road, W10. From the Westway to the end of Portobello Road is where you are likely to find real antiques at bargain prices, especially on the market mornings (Friday and Saturday). The stalls under the Westway are where quality lamps and Art Deco objects can be found. Number 280 Portobello Road strips and repairs secondhand and antique wardrobes, cabinets, bookshelves and tables (around £150).

Number 307 houses a mass of tables, lamps, mirrors and ceramics, while Jacqueline Osborne, 301 Portobello Road, specialises in Indian coffee tables (£165 upwards) and Indian dining tables (£495).

On market days take a look in the back of the lorry parked on the corner of Raddington Road and Portobello Road and you may well find a bargain.

JUNK SHOPS

These are filled with furniture obtained at clearance and

bankruptcy sales. They should be visited on a regular basis as turnover is fast.

Shepherd's Bush Road, W12. Chairs, tables, stools, filing cabinets and chests are piled up on the footpath outside Great Expectations, 115 Shepherd's Bush Road. Candlesticks, radios and dated TVs are also on sale.

Look downstairs at Knights Furnishings, 103-104 Shepherd's Bush Road, and Brook Green Furnishers, 62 Shepherd's Bush Road, to find the clearance furniture.

Brixton, SW9. There are three floors of clearance furniture (anything from beds, tables, sofas, chairs, bedside tables, filing cabinets, wardrobes and ladders) at O. Brown Antiques, 374 Brixton Road. Definitely worth a rummage.

Garratt Lane (Tooting end), SW17. Rather tacky secondhand furniture shops are dotted all along Garratt Lane, but numbers 790, 792, 794 and 911, are moderately interesting.

Brick Lane Market, E1.

This area is worth visiting more for the market experience than for the certitude of finding furniture. The hub of the market is where Bacon Street and Cheshire street cross Brick Lane.

At 16-22 Bacon Street there are piles of dusty office furniture crammed into a dark room at the back of the yard. Take a torch and wipe off the dust and you may be lucky. I saw three red leather-topped Edwardian office desks for only £25.

Through the dirty white doors of 12 Bacon Street is another haven of secondhand furniture which should not be missed.

Other places worth looking at are: Lost & Found, 115 Brick Lane, Railway Arches (on Brick Lane under the bridge), and the Sunday Market, 29-31 Grimby Street, where double cotton sheets are sold for £5 pair and where I saw a pair of leather Art Deco armchairs for £100.

The graveyards of electrical equipment and discarded junk on Slater Street and Cheshire Street are also interesting, but better suited to the professional scavenger than occasional bargain hunter.

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TRAVEL



Lucky in Estoril: a procession gets under way in the annual festival of dried fruits

Lailan Young

Starry roll-call of the feathered kind

Lailan Young avoids golf in the Algarve and enjoys the bird life instead

What good is the Algarve to a non-golfer? Contrary to commonly expressed opinion, Europe's south-western edge is not hell on earth for those who cannot walk without whacking a little white ball in front of them.

I, who hold golf in contempt as an over-conspicuous consumption of space, stayed at the grand, Orient Express-owned Quinta do Lago hotel, which is beset by golf courses and populated almost entirely by maels and nibblers, whose life is golf. They will tell you there is no better place than *Sportugal*.

While golfers queued for their turn to attempt a birdie, I went birding with Vitor Encarnação, an ornithologist from the Ria Formosa Nature Reserve. And my Algarve holiday took wing.

The nature reserve goes for 37 miles along the south-east coast of the Algarve, a lagoon area protected from the Atlantic by five narrow islands of sand. The lagoon is dotted with salt marshes, tidal islets, and channels of water kept in constant motion by the wind and sea. Behind are sandy beaches and dunes, which extend back into solid land.

Along the Ria Formosa coastal strip, from Anjos peninsula in the west to the small beach at Manta Rota in the east, are small towns, busy fishing villages and isolated dwellings. The houses are white-washed, with slender chimneys of criss-cross patterned brick crowned with an ornamental ball, bright blue shutters to rival the Algarve's blue sky, and at least one wall covered in brilliant pink or radiant red bougainvillea.

These pretty dwellings sit more easily among the umbrella pines and sandy soils than the manicured luxurious tourist developments such as Quinta do Lago or Vale do Lobo, where the golf courses and tennis schools are, and where a villa can cost £1m (with ocean view) or £200,000 a week to rent.

As the official publication of the Institute for Nature Conservation says, the leisure industry's resorts,

hotels and watersports threaten a diminishing natural world, "giving a negative appearance to the Faro peninsula", but in Ria Formosa nature has some protection.

In the Ria Formosa grow almost 50 species of plant which have adapted to the harsh and salty environment to survive, like the hottentot fig, sea holly and cotton weed.

In contrast to the relative paucity of vegetation is the richness of animal life in the lagoon. With Vitor as my companion I saw dozens of animal species. We strolled along nature trails, popping into the occasional hide to observe the birds.

Ria Formosa is a vital breeding place for rare species such as the Purple Gallinule, a shy outsize Moorhen distinguishable by its long red legs, flitting tail movement and vulgar cackle. The Ria is also important as a resting place for birds migrating between Africa and Europe and the former Soviet republics, serving as an alternative avian stop-over to the north in Spain.

For anyone with even a minor interest in animals, the Ria Formosa roll-call is quite starry. A chameleon, its bizarre body seemingly composed of left-over bits of other animals and its swivelling eyes mounted in mobile turrets for 180 degree vision, launched its tongue like a missile to grab a flying insect.

Crossing the tidal lagoon to Gígil, a fish restaurant on a jetty, we saw dozens of fiddler crabs, crustacea unique to the southern Iberian peninsula. Each male has one outside claw (he can be either left or right "handed") which, as the Ria Formosa guidebook tastefully puts it, "performs an important role in mating behaviour".

We also spotted two Viperine Snakes. But the bad news about Algarve snakes is that they have the power to terrorise little birds like the Kentish Plover so that the motionless bird can be swallowed without even the tiniest flutter of resistance.

The highlight of my day with Vitor was the time spent at Quinta de Marim, on the Ria near the sar-

dine and tuna fishing port of Olhao, a bustling Moorish village of white or blue, cube-shaped houses and narrow alleys, where we stopped for lunch.

A clutch of restaurants opposite the fish market offers splendid menus. We chose O Boto, which was full by 1pm, early by Portuguese standards. The sardines grilled with rock salt, clams cooked with garlic, olive oil and parsley, and grilled swordfish were all delicious.

White Storks nest at Quinta de Marim, as they do in the centre of the Algarve capital, Faro, and on the golf courses. The pair at Marim had settled in a platform basket provided by the nature reserve on top of a tall pole. Their bird's eye view would include the last tide mill still working in the Algarve.

Visitors to the environmental education centre at Marim can take guided tours of the mill and reserve, and those with a genuine interest in birds can visit the avian hospital.

We crept silently around two huge open-air enclosures, peeping through the almost opaque black netting covering the wire, to see the patients. Some were obviously walking wounded who would never fly again. Others had been found grounded and exhausted during the spring migration.

From as close as 20 yards I could admire some of Europe's glorious birds of prey, including a Bonelli's Eagle, its white body contrasting with the dark wings, two fully recuperated Griffon Vultures, ready for release, and a Black Vulture, a wounded member of a desperately endangered species.

Quinta de Marim receives more than birds. A farm-house of outstanding beauty has been restored in its traditional colours of white with mustard. The dog kennel at Marim, with their busy breeding plan, assure the future of the tall black Portuguese water dog, a breed adored for its friendly, curly tail and long floppy ears.

Inland, in Estoril, I was lucky. My

visit coincided with the annual festival of dried fruits, which thanks to the Senhora do Fê da Cruz for a successful season of sales. We arrived as the festival procession was about to set off.

Handsome horses carried the countryside's best riders, richly vested and jauntily batted. The horses' manes and harnesses were adorned with bougainvillea, hibiscus and roses, while farm vehicles were decorated with palm fronds, carnations and greenery. They all set out for the Ludo pine forest near Quinta do Lago and a day of dancing, feasting and drinking.

In Loulé, where cats with the longest legs in the world inhabit the medieval castle walls, countrywomen crowded the Saturday morning market offering honey, cheeses, and fruit and dried flowers.

Ria Formosa has plenty of fish, octopus, squid and unappetising frogs - tree frogs and toads, which sang through the night in the hotel's ponds in, to my ears, Solresol - a language based solely on the notes of the sol-fa musical scale.

There are three nature trails close to the hotel: two are "recommended", the third is longer and runs along the golf course where the players have priority. Despite the dangers from a fast-moving bull, wild ducks waddled across the fairway. A Hoopoe flew over, better dressed than any of us on the course. In designer plumage of cinnamon-pink bodice, a black-tipped crested hat, and chic black and white back and tailcoat.

A baby pigeon tried to make something out of a bread roll, suspiciously resembling those on the hotel breakfast table. *Borracho*, or baby pigeon, is the local Portuguese word for "bird", which a Portuguese man will use when a pretty girl walks by. We all, you see, enjoy birdies one way or another.

■ Lailan Young flew to Faro on British Airways and stayed at Hotel Quinta do Lago. For inquiries: Orient Express Hotels reservations, tel: 0155-555 5800 or the Hotel Quinta do Lago, tel: Faro 89 23666; British Airways Holidays, tel: 01293 611311.

Cinque Terre and its hidden treasures

Todd Shapera takes a walk in isolated Italian territory

Situated on the Ligurian coast where the mountains meet the sea, between La Spezia to the south and Levanto to the north in Italy, for most of their history the Cinque Terre were completely isolated, accessible only by water or a narrow, footpath along the coastal cliffs.

In the early 1980s a train tunnel was blasted into the mountains connecting them to the outside world for the first time; then came a road to the northernmost town, Monterosso. Now, they can be reached by car.

The area was cut off from the main focus of traffic and culture for so long that it has maintained much of its character. Hotel facilities remain limited, with some visitors taking rooms in local homes. Nor has the area attracted heavy beach crowds - only one town, Monterosso, has nice stretches of sand.

We arrived in Monterosso in the late afternoon by descending a mountain road lined with terraced vineyards. Our simple, inexpensive room overlooked the sea and we could see small ferries carrying sightseers to other towns. But we wanted to discover the hidden treasures of the Cinque Terre along the footpath connecting these towns. We were in for a vigorous 1½-hour journey to each of the next two towns, followed by about two hours more to reach the final three.

The morning was already growing warm when we set out. From a corner of the town beach, the narrow trail worked its way steeply up hill, offering at each turn beautiful views of the sea and rough landscapes.

We often walked quietly. We negotiated steep ascents, endured open stretches baked by the sun, and savoured cool patches shaded by lemon and olive trees fed by trickling streams.

Halfway along the route to Vernazza we met a robust, elderly man wearing a faded sailor's hat that partially shielded his deeply tanned face. He dangled a wicker basket with fresh green grapes. He greeted us with an embracing gleam in his eye and warned to my wife when she ventured to greet him in Italian.

As we talked, he pointed high on the slopes to a narrow open car ("treno") attached to a steel monorail that skirts the top of the vines about 100 ft from the ground.

A holdover of local ingenuity from the 1930s, it winds a path to otherwise inaccessible vineyards high on the mountain, transporting equipment up and harvested fruit down.

As we parted, he reached into his basket and handed us a generous sample from his morning harvest.

At Vernazza, we ate some pizza on a shaded bench on the main street. As this was the beginning of the harvest season, locals were crushing grapes into buckets in rooms just off the street. Beside the small producers, the five towns have a successful wine producing co-op. Small quantities of the white wine are produced and most is consumed locally. Boccaccio, Dante and Petrarch all wrote about the Cinque Terre wines.

Unique to the region is a highly concentrated dessert wine, *Sciacchetrà*. It is made from special grapes that are given extra time on the vine after they ripen, then they are left to dry indoors for several months. They lose much of their juice but become quite sweet. We were told that about 7kg of grapes are required to produce one bottle, about three times the quantity needed for local white wine.

The 90-minute hike to Corniglia

Reaching the heart of the town required an aerobic 15-minute climb

brought us along the coastline and its long, pebbly beach. Manarola, about 45 minutes further, is perched atop a rock peninsula with a sheer drop to the water. With no natural harbour, fishermen store their boats in town and lower them to the sea with ropes.

To our disappointment, the final leg from Manarola and Riomaggiore, the "via dell'Amore", was impassable due to damage caused by heavy rains. So we took the little train.

Riomaggiore station is at the base of a cliff that drops into the sea. Reaching the heart of the town required an aerobic 15-minute climb up a curving road.

At the bottom of the hill, a stone wall separates the town from a narrow cove where fishermen leave their colourful boats. Just inside the wall was Trattoria Le Lampara, one of only a few restaurants.

We were seated by the genial proprietor Pietro Spadafora, who served us pizza with prawns, black olives and herbs, grilled eggplant, and a plate of pasta with fresh swordfish. With each course Pietro also offered anecdotes about his life and the town.

The family arrived from Sicily 10 years ago, after many years of exploring the Ligurian coast on

family holidays. "We fell in love with Riomaggiore," he said. "For us, it was the most beautiful, the most tranquil, the most in touch with the sea. It was a paradise on earth for raising our two children." Their home is above their restaurant.

The next morning, back in Monterosso, we set out for an early walk into the vineyards. From high on the path, I made out the image of a woman sitting on the soil under the canopy of her vineyard. She was crushing grapes into a pail with her fist. She wore a knee-length blue skirt, a tan pullover with flowers embroidered on one side and loafers. After some time, she rose, put a cloth on her short brown hair and motioned for me to help her lift on to her head a plastic box loaded with grapes. She asked me to carry the lighter pail with her crushed grapes.

She led us down 10 wobbly stone steps to the mountain trail - supporting her load with strong neck, steady legs and her right arm. Several times she paused and balanced her load with no hands so that she could point out sights along the coast.

When we reached one of the area's only luxury hotels, situated on a rock above Monterosso, instead of following the path around the property, she opened the gate and led us through. It was as if she was rooted to this region and wasn't going to desert. As the guests on the terrace enjoyed their morning croissants, tea and splendid views, she passed virtually unnoticed.

We rejoined the trail and walked down the hill to the town, past fishermen into a noisy labyrinth of narrow alleys.

She invited us in to her daughter's home: a modest place, dark and cool inside, with a cement floor, a child's bike along the wall and three wooden kegs of fermenting wine in the centre of the room. She reached for a bottle and insisted on giving it to me. She pointed to the familiar label with two sea gulls, shook her head, and indicated that this was her home-made stock in an old bottle.

I remembered a conversation I had had with a local wine producer, Antonio Basso. As the Cinque Terre become less isolated, he was worried tourism would spoil the area and affect local customs. His greatest fear, however, was the number of young people moving out of the area, including his son who is now working in Genoa.

The day would come when no one was left to care for the fields, he said. "When that happens, our gardens will become arid and roll into the sea."



Vernazza, looking south to Monterosso: Dante wrote about the local Cinque Terre wine

Todd Shapera

Security in the air is available - but at a price

Bombs are worrying news again for international travellers. The shattering of the IRA ceasefire and new outrages in Israel have concentrated minds afresh on ways to combat terrorism. But how much are you prepared to pay for extra security? Scientists now believe they can protect large airliners against Lockerbie-sized bombs but only at a payed-off cost which could add £40 to the price of a fully flexible, economy class return ticket to New York, for example.

Machines to detect explosives have been tested at some British airports. The government has decreed that by the end of this year, all hold baggage checked in by passengers flying abroad from Britain must be X-rayed, even if they are catching a connecting, domestic flight. That will certainly not happen in many other countries.

Real peace of mind means sacrificing time or money. One way is to submit to rigorous profile questioning of the kind employed by El Al to weed out suspicious characters. This exacts a price in inconvenience, demanding a minimum check-in time of three hours before

departure for economy passengers and two hours for business travellers.

Aircraft can never be made totally safe against explosives but experts at the Defence Research Agency, an offshoot of the Ministry of Defence, believe they can reduce the risks significantly.

There are two main ways of doing so. One is to line baggage and cargo holds with blast resistant, high-density polyethylene fibre, the other simply to shift luggage and freight around 20cm further from the fuselage skin.

Doing either, they believe, would have prevented the destruction of Pan American 103 over Lockerbie.

Here's the rub: doing either would reduce airline revenues by adding weight or reducing cargo space.

Adding weight could mean removing 15 seats from a Boeing 747. Moving containers away from the walls could cut capacity by around 5 per cent.

Adding the cost of fewer seats at a flat rate would cost a leisure traveller on a budget trip to New York about £2 extra on the price of the cheapest round trip available from British Airways.

Averaging the cost across all classes, and perhaps absorbing some of it, could earn airlines a

marketing advantage. But making comparisons between airlines on security grounds is fraught with difficulties because one airline with tight security may be a regular target for determined bombers while another with lax procedures may be left alone.

Expressing mortal danger in financial terms always looks cynical, but how many of us invest in the safest cars available before howling off down the motorway?

So unless safety authorities make such changes mandatory, will airlines be brave enough to act alone?

The slippery slope to higher prices

Enormous claims made under the "no win, no fee" method of litigating in the US is blamed for adding 15-17 per cent to the cost of US ski lift tickets - about £30 in the case of a six-day pass at Vail, Colorado, for example. They have also pushed up travel insurance premiums.

If the system took root in Europe, it could have a similar impact, pushing up the price of a one-week pass in the vast French Trois Vallées ski area by about £20.

However, it is not totally

Check in / Roger Bray



without benefit to the consumer. I heard of a skier who suffered a nasty gash over his eye, needing six stitches, during a trip to Austria's St Anton. This was not the result of a high-speed collision on the piste but of a slip in the shower. He insists there was no contributory negligence caused by excess of glühwein. There was no rubber mat, nor any non-slip surface on the shower floor.

Stories abound of Americans who have been scared off sensible safety measures in case they don't work. The late Ernie

Blake, founder of the magnificent Teos Ski Valley in New Mexico, once explained ruefully how he had been forced to remove padding from lift pylons. The padding was supposed to protect skiers if they skidded out of control and hit the metal posts.

But Blake's lawyer warned him he could face an even bigger lawsuit if the padding failed to do its job - or was torn off accidentally.

It is surely inconceivable that any US hotelier would run such an obvious risk of legal action.

Free market leaves US travel in a state

Less than four months after President Bill Clinton's first White House conference on tourism, the death sentence is confirmed for overseas tourist offices in the US.

Closure of the US Travel and Tourism Administration, a victim of congressional parsimony, means intending travellers will have no official, central point from which to seek information.

The free market is supposed to take over. Leaders of the US travel industry have agreed to launch a marketing campaign. But there is no indication that it will support tourist offices in

London and elsewhere.

It will now be left to cities, regions or states to provide their own representation abroad. More than 40 already do but tracking them down will be difficult. Good travel agents should be able to provide lists, but don't bet on it.

States such as Florida, with markets big enough to justify it, may advertise independently. Others may be at the whim of budget fixers.

Colorado illustrates the problem. Although it is already the leading American ski destination and was rapidly attracting more tourists in summer, it was forced to close its British office after a referendum on state spending. Now it has opened a new one, funded by the travel industry but approved by the state government.

The real losers, however, will be those whose appeal is less obvious and which do not attract sufficient numbers to justify full-time representation in fertile markets such as Britain and Germany.

A classic example is Iowa, which has been put on the tourist map by Clint Eastwood's film *The Bridges of Madison County*.

USITA was hopelessly under-funded and sometimes ill

supplied with information but it provided, at least, a starting point for travellers with no other idea where to inquire.

Tall in the saddle on India's roads

The heat, dust and smells of India must seem powerfully close from the saddle of an Enfield Bullet.

Long a collector's piece in Britain, the motorcycle is still manufactured in India and is available for riding as part of a guided tour of Rajasthan.

"A lot of our customers are men who have already ridden or owned these bikes," says Lyn Baker, of Tiger Travel, which launched the tours a year ago. Some used it as dispatch riders in the army, some are just enthusiasts.

During the three-week trip, luggage is carried in a 4 x 4 back-up vehicle. Speeds are kept down on main arteries clogged with trishaws, lumbering Hindustan Ambassador and brightly decorated lorries but it is possible, claims Baker, to reach 50-60mph on quieter roads. "All the bikes we use are brand new. After about six months of Indian road conditions, they have to be sold on."

■ The tours cost £750 from Tiger Travel UK, 56 Bowden Hill, Newton Abbot, Devon TQ12 1BH (tel: 01262-62529).

OUTDOORS

Skiing / Arnie Wilson

Off-piste skiers warned of danger

It was Nigel the ski guide's day off - and Trudy, the chef too. They had left us to our own devices. So we made do with toast and cereal before gathering at the top of the Grand Pré chair in Val d'Isère to contemplate skiing the Tour de Charvet.

This is an easy off-piste itinerary but occasionally becomes avalanche-prone when the afternoon sun can send snow tumbling into the gully at Le Manchet.

Two members of the group were eager to slip under the rope. But Stephen, a former army major, put his foot down. "I'm not doing it," he said. "Not now I've got a wife and child. I'm not taking any risks at all."

It was a typical skiing dilemma: a technically easy off-piste run. Hardly worth hiring

a high-mountain guide for. Or was it?

In the end peer pressure - plus the reassuring sight of a ski instructor taking another group under the rope - persuaded Stephen to come after all.

As we reached the gully, we passed briefly to marvel at the sure-footed agility of three chamois scampering on steep avalanche chutes above us. Earlier in the season, a chamois had been blamed for triggering one of a number of fatal avalanches. We quickly moved on.

The number of off-piste skiers in Val d'Isère, a resort cel-

ebrated for its conifers and steep, ungroomed powder fields, is beginning to cause concern among the local authorities. Hi-tech equipment, especially the advent of "fat" powder skis, has encouraged more and more skiers to seek the thrills and tranquility of wilderness skiing.

But in spite of a proliferation of specialist ski schools in Val, many skiers, particularly "go-anywhere" snow-boarders, either do not bother - or cannot easily afford - to take a guide.

A few days ago, the mayor of Val d'Isère, Bernard Cate-

lan, called the local representatives of 13 British tour operators to a special meeting at the town hall to discuss the dangers.

Christopher Tatham, of Ski Scott Dunn reported: "It was a good meeting. Well attended. We agreed that we should impress on our clients how dangerous indiscriminate off-piste skiing can be, and urge them to use a qualified guide."

The company's managing director, Andrew Dunn learned the hard way. "I almost met my maker when I was 21 on the ridge leading into the Vallée Blanche at Chamoussin."

"I fell over the edge, lost a ski and was left clinging to the rope. I went straight back down in the cable-car, quaking in my boots."

"If I hadn't been so young and naive, I'd have hired a guide and I would have been properly roped. So I take this problem very seriously, and I advise extreme caution about skiing off-piste."

"Our clients tend to be pretty intelligent about these things but you can't force people to hire a guide. Normally it is youngsters who cannot afford a guide who take risks. But we tend not to attract people under 25, unless they are

with their parents."

Patrick and Jean Zimmer, who run Top Ski, arguably the best of Val d'Isère's specialist ski schools, always make their clients' safety their main priority during their daily pit-grime to find quality off-piste skiing.

Patrick, somehow able to find powder even when strong winds have ravaged almost the entire valley, astonished me by taking three friends of his from Alsace and me into the *parc avalanches* (avalanche fences) at Le Lavachet to find some decent turns.

We were high above Tigues, Val d'Isère's neighbour. And it

was a first for all of us. "This is precision skiing," he said, leading through tight gaps in the huge metal fences which held back hundreds of tons of snow.

There was good skiing just below the fences too. We would never have found it - or even dared to look - without someone like Zimmer. "Anyone skiing into an area like this without a guide would be completely crazy," he said.

Hearing of our exploits with Patrick, other members of our party immediately signed up for a morning of adventure with the Zimmermans.

season in Val d'Isère. When I first skied with them seven years ago, young Dunn picked me up at the airport in a Land Rover.

Today he charts an entire Airbus with his company logo not only on the seat-back covers but on the after-lunch menus. The Land Rover has been replaced by huge, gleaming coaches.

But Andrew still has the same boyish enthusiasm for his job. "We've grown but we're still small and we still care hugely whether our clients really enjoy their holiday," he said. "Above all, we want them to be safe."

■ Arnie Wilson stayed at the Squaw Valley Apartments in Val d'Isère. His trip was arranged by Ski Scott Dunn, Pigeon House, 12 Noyne Road, London SW17 7PH. Tel: 0181-767 0002

Geneva motor show

This heir to the XJS will make heads turn

Stuart Marshall looks at the new Jaguar XK8

With becoming modesty, Jaguar describes the new XK8, unveiled this week at the Geneva salon international de l'automobile, as a presentation of exterior styling. It is much more than that.

This elegant successor to the aged XJS will soon be in production in hard and soft-topped versions, with world-wide sales starting this autumn.

The XK8 is a beautiful car, an automotive blood horse to turn heads in town and eat miles on the open road. A 300 horsepower, 4-litre V8 engine from Ford's factory at Bridgend, Wales, drives the rear wheels through standard automatic transmission. An average 20mpg (141/100km) is said to be achievable and a pair of vestigial rear seats is provided for the children.

Ford, which owns Jaguar, is thought to have Mercedes-Benz SL buyers in its sights but XK8 could also be a far cheaper alternative to the DB7 from Ford's other coach marque, Aston Martin. XK8 prices will not be fixed until much later in the year but an educated guess suggests a £45,000 starting point - more than the six-cylinder version of the old XJS, less than the V12.

If, as seems certain, BMW's crowd-pulling Z3M roadster prototype goes into production, it must compete most strongly with Porsche. This small, ultra-sporting two-seater has a 3.2-litre, straight-six M3 engine producing more than 300 horsepower and massive amounts of



Mercedes-Benz E-Class estate. An even better load carrier

torque (pulling power).

Top speed is limited to 168mph/270kph but 62mph/100kph is achieved in less than six seconds from a standing start, which should keep the tyre trade busy.

Mercedes-Benz has pulled three new cars out of the hat - the C-Class and E-Class estates and the V-Class multi-purpose vehicle - and is giving its US-made AAV (All Activity Vehicle) its first European airing.

The estates are aimed at different buyers. Typically, the C-Class is for families who find a saloon's boot lacks space for, say, surfboards, saddles or a straw bale. But the new E-Class estate is a bulk carrier, bigger even than the current model and offering up to seven seats, the extra ones face backward and fold into the load space floor.

Both new estates reach

Britain in the summer; prices are expected to be about 10 per cent higher than those of the saloon equivalents.

The V-Class is no thing of beauty but offers what most of the current crop of multi-purpose vehicles lack - space for up to seven people plus a great deal of luggage. Nearest equivalent to this boxy looking Spanish-built vehicle is VW's commodious Caravelle, which is van-based, rather than a purpose-built MPV. The V-Class is even big enough to carry mountain bikes (and their riders) inside.

The AAV is Mercedes-Benz's second go at the recreational four-wheel drive market. The first was the G-Wagen, which rather missed its target because it was too ugly to appeal as a car substitute, too expensive for farmers to let the hired hand hang around in. Atogether trendier and less



Jaguar's new V8-engined XK8 coupé. Soft or hard-topped, on sale later this year



US-built Vauxhall Sintra. Class-leading space, performance and economy

military looking, AAV would be ideal for lugging a horse trailer across a paddock or a boat up a slipway. It is, though, likely to be used on-road for most - in some cases, all - of the time. European sales are about two years away.

Yet another entry into what is becoming an increasingly

crowded European market for multi-purpose vehicles (MPVs) is on the General Motors stand. The Vauxhall (Opel) Sintra, first of the marque to be designed and built in the USA, is only 8in (20cm) longer than a Vauxhall (Opel) Vectra but carries up to eight people plus baggage.

It has dual sliding doors for

centre and rear passenger access (like the Citroën Synergie/Flat Ulysse/Peugeot 806) whereas on the Ford Galaxie/VW Sharan, they are conventionally hinged.

Performance of this rival for the new Chrysler Voyager (due with right hand drive by autumn) is said to be car-like, with class-leading aerodynamics, fuel economy and performance. Initially there will be two petrol engines, a 3-litre V6 and 2.2-litre four-cylinder, with a diesel alternative by mid-1997. Also on the GM stand is the Vectra estate which was given a sneak preview at the London Motor Show last October and goes on sale before the end of the year.

Acronyms are in the air at Geneva. Apart from the Mercedes-Benz AAV there is Access, which stands for Aluminium-based Concept of a CO₂ Emissions Saving Sub-compact

car. This brave and tongue-twisting effort is from the design and engineering arm of NedCar, a joint Mitsubishi-Volvo controlled Dutch concern currently manufacturing the Mitsubishi Carisma and Volvo 340/940 cars.

A futuristic one-box design, Access resembles a squashed down MPV and is made largely from aluminium alloys and plastics. Reduced CO₂ emissions are achieved by light weight, excellent aerodynamics and an advanced petrol engine. A fuel consumption of around 50mpg/6.11/100km is claimed.

Unlike many of the way-out concept cars that cause a stir at shows and are never heard of again, Access is a proper working prototype. A small evaluation fleet will be on the road within months. Its originators say they are thinking in terms of 100,000 units being made each year, though not

necessarily by Mitsubishi or Volvo. I would not put money on a mystery backer appearing, though the concept is interesting.

Also making a show debut at Geneva are Citroën's Saxo, which will eventually replace the AX, and a new Legend, which Honda thinks will seduce current users of the BMW 5-Series, Mercedes-Benz E-Class and Lexus GS300. Honda says the luxury car market is changing, with buyers seeking restrained elegance and supreme levels of build quality.

"A famous badge and a long heritage are no longer the prime requirements," it notes, ominously. In Europe, reserve judgment, but this has proved true in the US. ■ The salon is held at Palexpo, near Geneva airport, and will be open daily until Sunday March 17.

Gardening / Robin Lane Fox

Great and classy snowdrops

Even in England, spring has sprung and famous gardening names are showing above ground. You could have seen them recently in central London, among the many who rightly flocked to the main February show of the Royal Horticultural Society.

Early flowers look so heartening on the snow-bench where squirrels, mice, slugs and frost have not damaged them.

Great female names were having a field day. Lavinia, Margaret, Brenda, Troyle and Clare Blakeway-Phillips: they were not the Floral B sub-committee in pearls, but a selection of great snowdrops which have received appropriate county names.

We may have wet winters, but the British still know how to give a snowdrop a hint of class. I counted more than 60 varieties, named by enthusiasts who attend to the minute variations of stem and petal.

One of the best for most of us is the true *Galanthus byzantinus* which is twice the plant when true to its name. The oddest is one called Walrus which has green markings on the outside of petals pointed like small tusks.

Snowdrop fanciers have their own momentum and, as time passes, a few bulbs start to go a long way. Fewer people are seriously keen on celandines which has gone out of fashion since Wordsworth and the poets did it ample justice.

Rowden Gardens of Brenton, Tavistock, Devon, plainly believes that the family deserves new attention. It showed us a marvellous array

of more than 15 variations on the basic celandine.

Celandine is notoriously invasive and a single-flowered plant will spread in any soil which is not too hot and dry. This invasive manner is a shame because the flowers are enchanting and seem immune to pests and heavy spring rains.

After flowering, the leaves tend to disappear by the end of May, having brightened our lives when beauty is scarce at ground level. *Ranunculus ficaria* is a lovely thing, but not for tidy gardeners or confined spaces.

The large exhibit by Rowden Gardens adjusts the usual view. Dozens of celandines have been named and selected and there is much more to life than the one which gardener Christopher Lloyd called *Brazen Hussy*, partly in honour of its purple leaves.

It has turned out to be rather a menace and I concluded that even the named forms will run wild if let off the lead. In fact, there is an easy answer: choose the celandines which have infertile, double flowers and which will not seed themselves all over the place.

They are not well known, but Rowden has small stocks of some wonderful possibilities. Pictious Double, in yellow, Bowles' Double with flowers like small yellow daisies and even one called Double Mud, which opens to a shade of cream and then veers towards yellow. They derive from the National Collection, now held at the nursery, and have enabled the holders to compile a list with full descriptions based on observation. This



Snowdrops at Walsingham Abbey, Norfolk

John Oliver

basic work of reference is available for £5 from the Brenton address.

I think it is well worth the price, because these better-behaved celandines will fit easily into any lightly shaded bed which is not too dry in a normal summer. They would look charming in a London front garden, like white and yellow stars beneath the inevitable *Fatsias* and early *camellias*.

Perhaps you prefer something simpler or more dramatic. The most dramatic sight of the show was a spectacular new daffodil, shown by Potterton and Martin, from Nettleton, Caistor, Lincolnshire.

Their list is one of the most remarkable in circulation and they should always be a first stop for readers who want something extra-special among bulbs or smaller rock plants

for the front garden.

This year, they dazzled us with *Narcissus romieuxii* Treble Chance. This small daffodil has wide-open flowers like one of the hoop petticoat forms, and is utterly enchanting. It also proves that gardening is not standing still.

Seed was collected from Morocco in 1980 and sent to Potterton and Martin which singled out this batch as exceptional and marked it with a XXX. Its number came up and so the variety is called Treble Chance and sells at £3 a bulb.

The bulbs multiply quickly, but ought to be grown in a pot of gritty soil in a cool room or unheated greenhouse. They can then be brought inside as the large hyacinths fade and I can assure you that even one plant can dominate a room.

Early in the year, I begin to

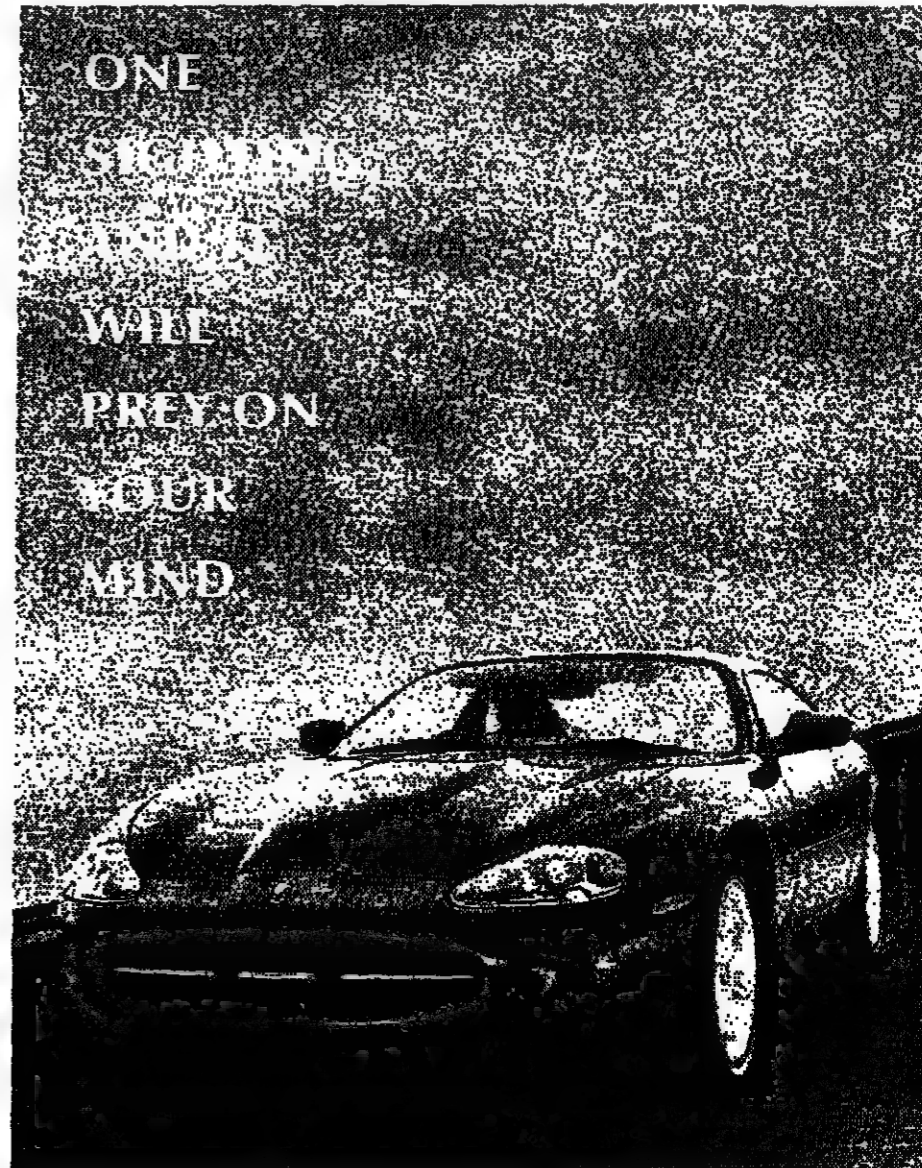
think that we should follow the exhibitors and keep the best things in pots where wild life cannot abuse them. You only have to see the exhibits by Broadleigh Gardens and Potterton and Martin to realise how many potential pot-plants we ignore because we are so obsessed with large, florists' varieties.

Outdoors, it is often hard to see the best on the star-shaped flowers of *Crocus sieberi* and it is even harder to find true stock of the lovely *Bowles White* variety. These exhibitors have now brought it back and show how good it looks in a small pot which could as well sit beside your chair as on their commercial exhibit.

At £3.50 a time, you would hesitate to risk the recently found *Crocus abasiensis* outdoors among mice and sparrows, but it is an exquisitely beautiful discovery with flowers of mid-blue and a yellow throat.

So many crocuses are slightly more special than the ones which have been looking cheap and cheerful around London's Marble Arch during the past fortnight. The best way to grow them is in a shallow pot for enjoyment indoors where many of them will surprise you with their sweet scent like hay.

No other country has such a range of specialities in accessible nursery lists within five hours' journey from its capital city. They will only stay there if we support the experts by buying the results of their admirable skill and patience and giving them a realistic home where we can enjoy them year by year.



At the Geneva Motor Show this week, a few lucky observers caught a glimpse of the new Jaguar XK8 for the first time. The many who couldn't be there should call 0800 70 80 60. We'll send you a unique XK8 screensaver* and put you in line for further Jaguar information (as soon as more of them are spotted). *Available in PC or Apple Mac format.

JAGUAR XK8

DON'T DREAM IT. DRIVE IT.

FOOD AND DRINK

Eating Out

Guide that's a national institution

Andrew Jack looks at how Michelin's red book reflects the French love of eating well

When André Michelin visited a garage in France in 1920, he was horrified to see the misuse of the hotel and restaurant guide his company had been distributing to customers for free. It was helping to prop up a table. From that moment on, he resolved to start charging for the book.

Since its first appearance at the turn of the century, the *guide rouge* has evolved into a national institution almost as indispensable to the French as the pneumatic car and bicycle tyres pioneered a few years before.

Long before publication of the 87th edition, which went on sale on Wednesday, the country's media were full of speculation about winners and losers of the coveted three-star rating.

When it was confirmed this week that the famous Tour d'Argent in Paris was among those downgraded, the news went on the back page of *Le Monde*, the respected French

afternoon newspaper.

There was equally substantial coverage a few weeks before, when Pierre Gagnaire, chef of the three-star restaurant in St Etienne which carries his name, sought protection from his creditors after running into financial difficulties, and asked Michelin to withdraw its stars.

An opinion poll suggested that 16 per cent of the French had consulted a culinary guide in the last 12 months, and for two-fifths of those it was Michelin. Pre-sales of the latest edition total more than 600,000 copies at FF145 (£18.60) each. There is little doubt that they take their cuisine seriously.

The first edition of *Guide Michelin* in 1900, offered free of

charge, was an integral part of the company's pioneering involvement in the development of road travel and tyre consumption.

In a similar vein, it would go on to fight successfully for a new national road numbering system, and even manufactured road signs itself until the 1970s.

According to Bernard Naegelen, who is responsible for the guides at Michelin, even today the high research and production costs of the book mean it is only modestly profitable, and a few tens of thousands fewer copies sold would drag it into the red.

The original 40-page guide was designed to provide all the information that would be "useful to a driver travelling

in France, to fuel his car, repair it, permit him to be lodged and fed, and to correspond by post, telegraph or telephone".

Apart from the advertisements - which were dropped when the company began charging for the guide in 1920 - and the detailed introduction on how to inflate and change tyres, it resembles the contemporary guide closely.

There are road plans, comprehensive listings and a series of detailed symbols including three stars for the top-range hotels, where, meals and wine included, the bill could run to more than FF13 a night.

Yet it was only in 1926 that the single star made its appearance in the modern

sense for the best restaurants, followed by the introduction of two and three-star ratings in 1931 - and only in 1933 for Paris, which was ill-served in the first few editions of the guide.

The system has remained all but unchanged ever since, in spite of periodic mischievous reports that the authors are considering introducing a new four star category. With just 19 three-star restaurants in the latest edition, it would hardly seem worthwhile.

It is difficult to get Naegelen to talk about exactly how the rating process operates. It is surrounded by a mystique and secrecy that shrouds all of

Michelin's operations, from the way it manufactures tyres to - until the start of this year - the names of its senior executives.

He says that Michelin employs full-time inspectors to travel the country eating in every hotel each year to ensure that the information is up to date. But he will not reveal how many the company employs.

In the same vein, the inspectors must pay for their meals, and not identify themselves when they eat in a restaurant - or at least not until after the bill has been settled.

He says they are recruited "after they have already had some experience of life" at about the age of 30 from

among the 1,000 or so unsolicited applications received each year. Not surprisingly, they often tend to stay until retirement in spite of the hardships of being on the road for nine months of the year.

What they are seeking primarily is top quality, creative food that reflects the chef's personality, as well as service, an attractive decor, and a range of top quality wines.

Good ingredients and a large number of staff cost money, he adds, so three-star restaurants are never likely to be cheap.

Yet he argues that the top meals probably cost less in relative terms today than in the past. He also believes that the ratings are more rigorous than in the past, and that chefs' creativity has become a trade-

mark, replacing the pre-second world war tendency for all restaurants to offer the same grand classics of French food. In a reflection of the more difficult economic environment of the last few years, he stresses that the guide makes great play of value for money. Of the 3,858 restaurants in the latest guide, 1,572 have a fixed-price menu for less than FF80.

And how does he justify the fact that there are just four three-star restaurants in the UK and Ireland?

"To have a good restaurant, you need good products, a top chef, and also clients who appreciate the food," he says. "It's pointless having the best restaurant in the world in a desert where the only customers are cormorants."

"It's a bit of a caricature, but in England people discuss the weather, and in France they talk about food. You see old ladies exchanging recipes in the street, and customers chatting about different ways to make a particular dish. It is extraordinary."

Giles MacDonogh visits Austria and discovers some great schnapps and a strong and healthy tradition of refreshingly rustic cooking

A fruity tradition is kept alive

With one or two notable exceptions (such as Stienne Brans in the Pyrenees) the best fruit schnapps, or *sauz de vie de fruits* if you prefer, come from central Europe.

I see a few hands raised in the back row and I presume you want to remind me of Alsace. Yes, Alsace has been politically part of France for 800 years (with short intermissions), but in many ways it remains culturally part of the German block. If we wanted to be more specific we would say that the best schnapps came not from any old corner of the German speaking world, but from the Alemannic bits. The dark-haired, brown-eyed Alemans were the tribe which populated Alsace, South Baden, Württemberg, the German-speaking east of Switzerland and the Vorarlberg in Austria.

In Alsace, French politics has largely defeated German culture at least as far as schnapps is concerned. Attempts to stamp out the home distilling tradition has whittled down the number of producers or *bouilleurs de cru* to a handful. Many of the wine houses who claim to make their own only buy in from industrial producers whose products are far from reliable.

This is not the case in Germany. In the famous winemaking village of Durbach, in Baden, there are 350 *schnapsbrenner*, and only 220 grape growers. Good schnapps seems to grow on trees. When a hotelier friend from Württemberg visits these shores, he brings me wonderful wild cherry and plum schnapps which he buys locally and bottles himself. Sadly, he will not tell me precisely where he gets them from.

In Austria great schnapps is distilled all over the country, and not just in the Alemannic Vorarlberg. In the past few years schnapps has become rather fashionable with some producers achieving something like cult status in the world of food and drink.

As in Germany the law tolerates home distillers. It was the Austrian empress Maria Theresa who was the first to draw up a code for *Schnapsbrenner* in the 18th century. More than 200,000 Austrians enjoy the right to distil upwards of 50 litres of pure alcohol every year. In 1984, 56,619 of them availed themselves of the privilege, many of them enjoying the higher ceiling of 300 litres. Broken down to 40 per

cent or 43 per cent and run off into 50cl bottles that means there is quite a lot of schnapps on the market.

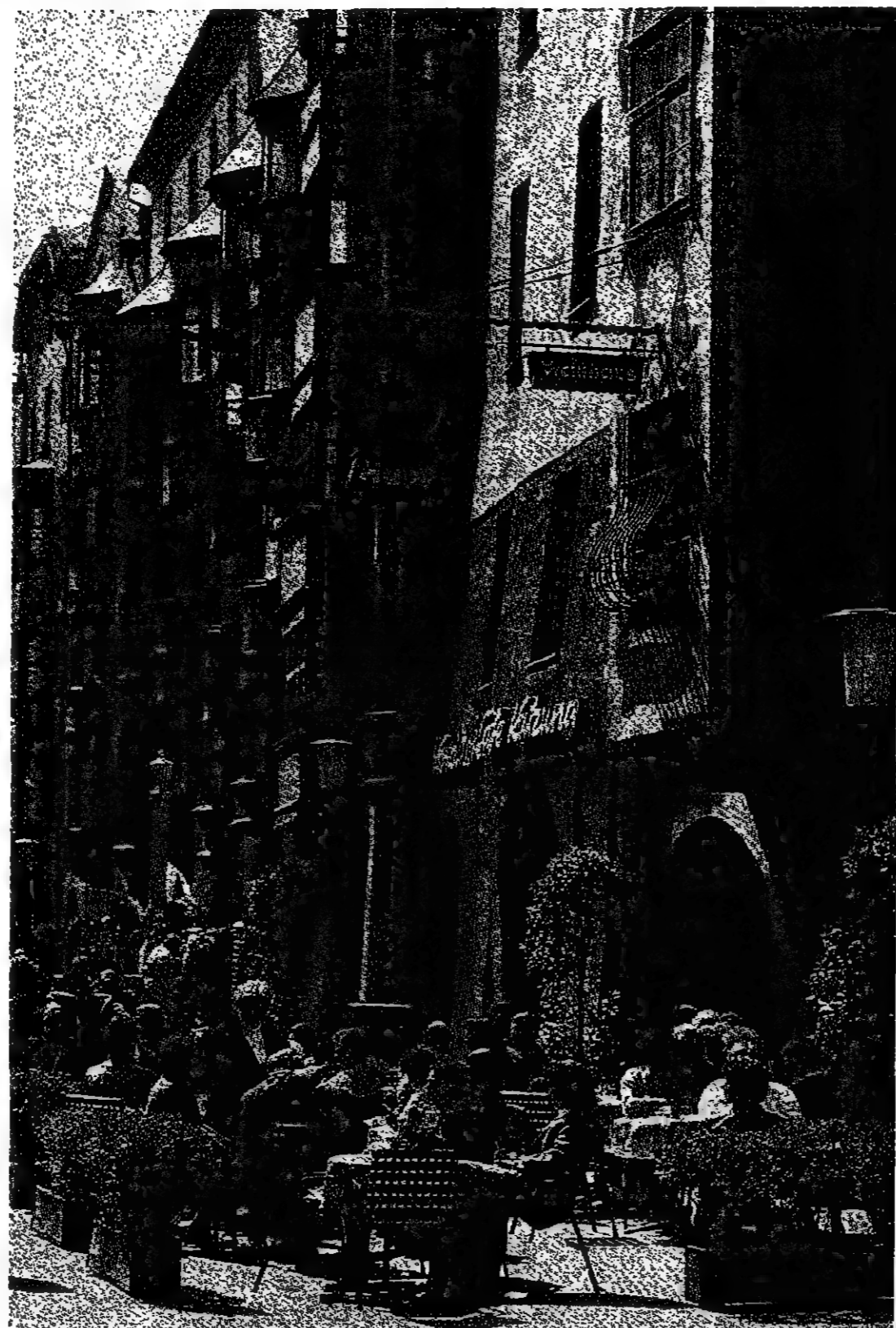
A few weeks ago I was in West Styria, a strange, lost region on the Slovenian border, which is famous for its *Schilcher*: thin, sharp rose wines. I had tasted a dozen or so, and my teeth were beginning to smart. Someone suggested I might like to meet the region's star schnapps distiller. I needed little encouragement: we piled into the car and sped off through the snow to Wernersdorf.

The setting scarcely prepared me for the sophistication of the operation. Here was a little museum devoted to distilling containing any number of ancient stills, some of them made from copper, others ceramic. Everything was very neatly set out and well-captioned. Even more surprising was the distiller herself: Waltraud Jöbstl, a small, frail looking woman and a mother of six.

Bottle after bottle came off the shelves to demonstrate just why Frau Jöbstl has picked up so many prizes at *Destillata*, the country's annual schnapps fair in neighbouring Carinthia. They were served slightly chilled to bring out the best of their pure fruit character: three different apples, all with different tastes - Arlet, Golden Delicious and McIntosh; a Styrian pear and a Williams, the latter one of the best I have ever had - like a perfectly ripe piece of fruit which you have just sliced in two. It was followed by a quince which was almost as sensational and two superlative cherries, wild and tame.

Once I got home I wondered whether it was possible to obtain something of this quality in Britain. Not much was available and I was not greatly impressed by some Slovenian samples from Fructal (Selfridges), which seemed to have been turned up to cover up for the rawness of the spirit.

The rest was chiefly Alsatian. Marcel Deiss, for example, is considered one of the region's top wine-makers. Lea and Sandeman (tel: 0171-376 4767 for branches) stock his *sauz de vie*. I much admired a pretty marabell plum (£21.74) which reminded me of a fruit tart, but the *Ärsch* smelled more of fish paste than cherries, and I assumed a foreboding problem.



Café society: the old town in Innsbruck. Austrians still enjoy their schnapps and their Schnitzel

The same problem affected the *Ärsch* from the Swiss firm of Etter (Portmann and Mason, 0171-734 8040 and expect to pay around £25), but once again their Williams pear was lovely, having a little more flavour of the skin than that from Frau Jöbstl. Also very good was a range from Gilbert Mielco.

The basic three-year-old pear had that skin character which seemed to mark the French taste in pears. The next one up came with the pear in the bottle, which for all its visual appeal, lacked a little freshness of flavour. Finally there was the *cœur*

de chauffe (the heart of the distillate), which sells for as much as £60. This was certainly superb. Again you could taste the skin of the pear. My fellow judge and I decided that the Austrians must peel their fruit.

There were other good things from Mielco. A *quetsch*, plum, got high marks for purity and consistency of flavour. The *Framboise* (raspberry) *cœur de chauffe* was also delicious.

In general however, the Austrian spirits from Frau Jöbstl not only excelled in quality, they were also

reasonably priced. Not only do they benefit from a healthy tradition so far unchallenged by a notoriously interfering state, they show that in such matters, plentiful competition is no bad thing.

Information: Waltraud Jöbstl 8551 Wernersdorf 41, Austria. Tel: 03466 42379. Prices for 50cl Sch200 Sch640 (£12.75-£40). Mielco *sauz de vie* is available from Selfridges (Tel: 0171-629 1234), Simpkin and James of Leicester (Tel: 0116-282 3132) and Willoughby's of Manchester (0161-534 6350). Prices for the three-year-olds start at £22.50.

Where to find no-nonsense earthy food

For the most part Austrian food is refreshingly earthy. In the Lyons region of France they may boast that they have made the pig "the King of Beasts", and found some culinary use or other for every one of its organs, but in public places, at least, a more refined approach reigns: veal, turkey and lobster continue to dominate the menu.

Austrian food is very Austrian. I may have spotted a Chinese restaurant in the astonishingly rustic region of south Burgenland, and there are plenty of Italian restaurants in the capital, but anyone who goes into a *Beisl*, the place where most Austrians fill their bellies, will see that foreign influences are few and far between.

It is no place for vegetarians: even the carnival doughnuts are fried in pork fat and every menu is a lesson in porcine anatomy. One of my favourites is the *Bauscht* heart and lights. In the best places it will be delicately presented in a wine and cream sauce with an obligatory *Serviettenknodel* (a dumpling steamed in a napkin). In such cases it is often veal, rather than the more bona fide pork.

The use of veal often verges on false gentility. The text books will tell you that the *Wiener Schnitzel* is made from veal escalopes. In reality you must insist, loudly and clearly: "noe Kalb". If you desire such a thing, the usual schnitzel is pork, and the Viennese test its quality by counting the bumps and bubbles in its breadcrumb coat.

The *Winterrisler* is a porky anthology: black pudding or *Blaumen* is flanked by fat bacon or *Speck* and a *Grammlknodel*, a dumpling the size of a tennis ball filled with pork scratchings. Out in the country the food in the rural inns is often cold: brawn and *Speck*, black pudding and *Grammschmalz*, where the same scratchings are set in the bowls of dripping you spread on the rye bread or rolls.

Most Austrians are proud of their food and are happy to give you details for its preparation. In West Styria recently I was obliged to write down the recipe for *Verhackert*, a hard, fatty spread made from pork back fat hung up to dry.

Only once have I been defeated by an Austrian dish, and that was the *Hörn mit Ei* I ordered in a Viennese *Beisl*. It turned out to be a brain omelette: the texture of the brains melting into that of the softly fried egg mix. It needed an element of crunchiness. Like that it was too cloyingly soft.

My favourite Viennese *Beisl* is the Gmoe Keller in the Heumarkt. Not so much for the food (although Frau Mitzi's liver has its fans), but for

the two old women, who run it. Not so long ago Chancellor Vranitzky paid an unscheduled visit to the place which had been familiar to him in his childhood.

He found it closed for a private party. Frau Gredl went to the door and unlocked it. She looked at the chancellor's dinner jacket and said: "We're closed, even if you are a member of the philharmonic."

On the south eastern fringes of the country there is a fondness for soured cream of a pungency unknown in our supermarkets. At a new hotel in Bad Tatzmannsdorf in Burgenland I was overwhelmed by the smell of rotten milk emanating from my soup bowl. It tasted pretty good, however.

It would be wrong to suggest that Austrian food was totally closed to innovation, both good and bad. An example of the latter, which must have drifted south across the German border, was a dish of lobster cooked with mint and white peaches, which a wine maker in Göttesbrunn told me he had experienced in Vienna recently.

Wine soups were possibly invented in the Wachau. They combine wine of an aromatic grape variety with good stock and cream and can be astonishingly effective.

Styrian food enjoys a great reputation in Austria, but it is hard to experience in restaurants in the region, which are few and far between, and often shy away from some of its more rustic tenets.

Not so Steirersee, generally agreed to be Vienna's best restaurant (713 5188 2) Sch310-Sch350 before wine. This is the place to experience fattened goose livers done in an Austrian style; a superb *Kalbsbeuschel*; calves liver and tongue in (a rather to sweet) orange sauce; or even a *Wiener Schnitzel* (admittedly now Kalb).

Being Austria the puddings are a *tour de force*: they come in wavelike infantry assaults. Only one disappointed me on my last visit: the *Mohrmehl*. These were little spaghetti-like strips of potato flour pasta dressed with butter, sugar and poppy seeds, and way, way too refined. Anyone who seeks to know the best *Mohrmehl* must go to the modest *Stadthotel* in the old walled town of Eggenburg (02894 3532) in the Waldviertel.

There is no question of elegance here: the dish is visually unappealing; it looks like so many fat worms under the contents of an overturned ashtray, but the taste is wonderful. This is no nonsense, earthy food such as you rarely find in our oversanitized continent.

Need a (non-alcoholic) drink?

So it is Lent, and a number of readers will be asking, where can you get a decent drink round here?

The answer - for those who are trying so hard to avoid alcohol for the next couple of weeks - is pretty grim. To try and tide you over, here are some recommendations from what used to be called Fleet Street: ■ an American Ginger Ale on ice, which sometimes looks like whiskey, is dry enough to act the role for a few minutes; ■ a double-tonic-on-ice with double-lemon plus double bitters, can briefly conceal the absence of gin or vodka; ■ a very Virgin Mary, with double Worcester Sauce and ice, can stand in for a Bloody Mary, at least once; ■ some of the non-alcoholic

wines, such as Eisberg, are briefly tolerable if they are very cold;

■ two non-alcoholic beers are never tolerable, at whatever temperature; ■ some of the fancy herb-laced concoctions are worth trying, if you can afford them. Aqua Libra is the most drinkable, especially in its "dry" version (which is very hard to find). Amé makes much play of its exotic herbs from east or west - boasting of both Asian ginseng and Brazilian Rainforest whatever - but is too sweet for wine palates. Purdy is evidently a "health" drink targeted on yuppies staggering out of their gymnasiums, but tastes OK so long as it is cold. Experiment with the others, of which there are many; ■ on a cold day, Norfolk

Punch can make a good pretence at a mulled red wine;

■ herbal teas, hot or cold, are best tried, for newcomers or non-believers, at double-strength-in-the-mug; ■ plain PLJ lemon juice, must be as neat as you can take it; ■ old-fashioned fruit juices: the "new" Florida-style crushed-fruit versions have surely taken over for good, and some of the apple juices in health stores are especially good; ■ in tropical parts they have various versions of a "rock shandy", which contains, in a long glass, differing proportions of soda, bitters, lemon, lemonade, ginger beer, greenstuff and, always, lots of ice; ■ effervescent Vitamin C is very refreshing and allegedly good for you: not more than

five times a day or you start humming;

■ water? Yes. Try all the new varieties, fizzy rather than flat (Lady Thatcher's favoured Malvern is old hat). Do not believe a word you read on the labels, but go for your preferred design of bottle (eg Ty Nant's wonderful blue exercise club). They are all the same in the end, except for Badoit, which is the best - and is very hard to find in Britain; ■ in extremis, you can always try a Ribena spiked with Listerine. ■ Take courage! Come April 7 - Easter Sunday - you may return to the Margaux, the Macallan, the Flowers, the Jacob's Creek. Your conscience - like your liver - will be gloriously clear.

JDF Jones

Chef Jean-Christophe Novelli is offering his three-course Mothering Sunday menus at the Four Seasons Hotel, Mayfair, London W1, on March 17 and May 12. How come?

Well, although Britons treat their mums on the March date, Americans celebrate later. I think this is called "not missing a trick" in the restaurant trade.

However, there is a choice of four dishes per course on the £35 menu including coffee, *petits fours*, service and VAT. A typical choice might be asparagus soup with poached quail's egg and truffle oil, salmon and langoustine mousse in a pancake served with orange and vanilla sauce and, what else for desert but mom's apple pie? In this case the tart Novelli makes in honour of his own mother.

Talk to Vinicio Paolini, the Four Seasons Restaurant manager, if you have any special requests - perhaps a big family table, flowers etc. For reservations ring 0171-499 0888, ext 3172. Jill James

■ UK readers who are regular Channel hoppers will be familiar with the Comtesse Du Barry range of regional French foods. Cassoulet, haunch of venison *grand veneur* or jugged hare with pepper sauce are just some of the company's prepared dishes. Now its products are available in the UK by mail order from Quintessence Europe, of Anson Road, London N7.

Goose foie gras weighing about 210g costs £39.80. An

Appetisers

850g tin of duck confit, which would serve three to four, is £19.95 and a 175g tin of best duck fat £1.50.

There is a £2.50 delivery charge in the UK on orders of less than £50. Tel: 0171-580 5068 for details. JJ

■ The recession has cut a swathe through the French restaurant scene, and one prominent victim has been the neighbourhood *bistro*, the French equivalent of the Italian *trattoria*: a homely restaurant where one expects decent portions, personal service, and few culinary surprises.

We begin to value an institution only when it has all but disappeared. For the past 20 years hundreds of family-run bistros have closed

because young people are reluctant to take on such a time-consuming job.

There are still a good many left, with their zinc bars and moleskin *banquettes*. *Le Petit Lebel* (Holland, FF86) is a guide to Parisian bistros. It names 310 establishments, including 150 addresses where you can eat, all in, for under FF150. It is certainly a valuable *cade mecum*. My only reproach would be that Claude Lebel has created a confusing category called *bistrot modernes des cuisiniers maitres* (modern bistros with cunning chefs) which is really more about good restaurants than bistros. On the other hand he lists enough traditional places with their berings, egg mayonnaise and *boeuf gros sel*, to give you an idea of what it used to be like. Giles MacDonogh

ordeaux
anted

FOOD AND DRINK

Use your loaf and ignore the snobs

Philippa Davenport knows how to offer more than crumbs of comfort

Foodies have gone back to basics with a vengeance. The more fundamental the ingredient the more likely it is to fall victim to cult trends and designer treatments.

Olive oil, bread, salt and water – once regarded as nothing more or less than basic essentials – have all been put on high altars.

Britain's excellent Maldon salt is now spurned as a seasoning by some food snobs in the UK who insist that only highly priced imports from Guerande or Noirmoutier are worthy to adorn their kitchens and tables.

These same people may spend hours choosing (and many pounds on buying) estate bottled olive oils from all around the Mediterranean.

Their choices are determined by their taste buds, they say, but it is hard to escape the conclusion that the impact of bottle and label sometimes counts for more than the quality and character of the contents of the bottle.

Once water came direct from spring, well or tap, and was brought to table in a jug. Now bottled water is the norm and drinkability is not the sole criteria by which the liquid is judged.

The fashionable Perrier boom, which began it all, is over. Nations large and small, with or without space to boast about, have got in on the bottling act. The English, the Irish and the Scots all bottle water and export it with varying degrees of success, but the Welsh are current cham-

ions – at any rate in Parma. At a banquet in that most elegant of Italian cities, I saw guests order notably more water than usual. The reason, it turned out, had nothing to do with thirst, nor did it stem from a particular partiality for the water served.

It was a matter of style: the Parmigiani coveted Ty Nant's shapely blue bottles. And at the end of the feast, after the speeches and toasts, when some British partygoers might have left clutching doggy bags filled with food, this chic company dispersed nonchalantly bearing an empty blue bottle or two apiece.

Bread was the first basic food to undergo radical revolution in Britain. It certainly needed it in those drab days when Chorleywood risen white was just about all that most grocers and supermarkets offered.

The choice now is huge and new bread products continue to flood on to the market. Some scream originality for originality's sake, and second-rate bread with novelty bits in it still sells far better than it deserves to. But average standards are vastly improved, some excellent breads are to be found – and occasional new gems.

One distinguished recent arrival is the Borodinsky loaf, a Russian sourdough rye bread made with malt, molasses and (this is what makes it a winner for me) coriander seed. The result is dense without being heavy, and marvellously fragrant.

The rye flour is organic, so

Borodinsky is suitable for coeliacs and those who suffer from other food intolerances. Made by Andrew Whitely's Village Bakery at Melmerby in Cumbria, it is stocked at selected branches of Waitrose and independent bakers.

Spread with a bit of best unsalted butter, I rate it the perfect accompaniment to such fish as lightly pickled herring and smoked eel. Try it, too, for banana sandwiches.

My other happy recent discovery is Bibano, in fact I admit to a minor addiction. Commercial breadsticks or grissini are usually deadly dull: sawdust dreary wands as dry as twigs and as pencil case.

The recipe particular to Bibano, near Treviso, is a world apart in every detail. These breadsticks are made by hand and the dough is left to rise slowly over 18 hours. They are quickly shaped, as short, plump and individual as stubby fingers.

They are crunchy, light and full of flavour, made with flour of character, enriched with extra virgin olive oil, lard (what bad luck for vegetarians) and a light sprinkling of sesame seeds. Look out for them at selected Tesco stores round the country.

Too good to waste on dunking and dipping, Bibano are just right on their own as an anytime snack or to partner

pre-prandial drinks, though I do not suppose I would say no if offered shavings of classy prosciutto to wind round them or crack-cut chunks of Parmigiano to nibble alternately with them.

Clabatta is hardly new in the UK, but good examples of it are very good indeed and it is an admirably versatile bread. Here is one way I particularly like to use it.

MUSSEL TRENCHERS
This is essentially a variation on *moules à la marinière*. The mussels are shelled, the vegetable quota is higher and the mixture is piled on slabs of oiled and toasted clabatta to sop up the fragrant juices and to add substance to the dish.

Quantities will serve two people generously with cheese and fresh fruit or sorbet to follow, or four people as part of a more elaborate menu.

1 kilo of mussels; 125 g clabatta bread; 3 tablespoons olive oil; 3 shallots; 100 g celery (as much leaf as possible plus tender inner stalks); 1 garlic clove; 3 tablespoons white wine or very dry cider; 3 tablespoons chopped flat leaf parsley; a good pinch of thyme; a parsimonious pinch of dried chilli flakes (optional).

Clean the mussels using several changes of water, discard any that are damaged or do not close when smartly tapped. Chop the celery stalks,

leaves and shallots, and cook them for a few minutes in 2 tablespoons hot olive oil with the parsley, thyme and chilli, until the vegetables lose their raw crunch. Set aside.

Cut the bread horizontally in half and toast it crust side up under the grill until hot and lightly browned. Turn the bread over. Paint the crumb with the remaining 1 tablespoon of olive oil and grill until crisp and golden. Cut the garlic clove in half, rasp it over the surface of the crumb to flavour the bread. If the dish is to serve four people, cut each toast in half. Keep the toasts warm in soup plates in a low oven.

Bring the wine or cider to the boil. Add the cleaned mussels, cover tightly and cook over fairly high heat for 4-6 minutes, shaking the pan or turning the ingredients every now and then, until the mussels gape and are tenderly cooked.

Strain off the juices (there should be 200-250 ml) pouring them through a sieve lined with damp buttermilk to extract any grit, and add them to the vegetable pan. Discard any mussels that have not opened; shell the rest. Bring the vegetables and liquor to simmering point. Stir in the mussels, cover, turn off the heat and leave for 2-3 minutes before ladling the mixture over the toasts for serving.

Oysters: a sensuous eating experience

George Dorgan shares his passion for the mighty mollusc, offering recipes, tips and a tale or two

As an oyster lover, my most memorable experience is standing in the cold water of Grouville Bay, Jersey, watching the tide race away and expose endless rows of beds in every direction.

At that moment the words "here, try one of these" were among the most beautiful in the English language. It was plump – engorged on nutrients – the colour of rich butter with dark veins and a black trill.

The juice was the same temperature as the water we were standing in, and it felt wonderful as it dribbled down my chin. The oysters were a mouthful and demanded chewing. They were firm but yielding with a slight metallic tang of blood.

I do not subscribe to the aphoristic myth, but good oysters – the result of good aquaculture and good waters – are a sensuous eating experience.

Doug Le Masurier manages Royal Bay Oysters, in Jersey, with the skill one would expect a former investment banker to bring to a business. Grouville Bay is a marine/estuarine environment, rich in phytoplankton, with a 38ft tidal amplitude and the oysters are turned at every favourable tide.

Starting from nothing 10 years ago, Le Masurier harvested 140 tonnes last year and expects to do 400 to 500 tonnes annually in five years' time.

For details ring 01534-651781. Now, I do not subscribe to the notion that oysters are too good to cook. And neither do Jersey's two Michelin-starred chefs who both use local oysters regularly.

Although they are poles apart in style, they have the greatest respect for fresh oysters. Andrew Baird, chef at Longueville Manor, makes a wonderful dish of oysters with smoked salmon and Sauternes.



Doug Le Masurier surveys his Jersey oyster beds

terme consommé. Kevin Broome, chef/proprietor of Broome's, makes an equally enjoyable dish of tempura oysters on a bed of cabbage and pancetta with saffron mayonnaise. I give both recipes here.

ANDREW BAIRD'S OYSTERS WITH SMOKED SALMON AND SAUTERNES CONSOMME
Make a stock with 1kg of good

fish bones, onion, celery, leek and herbs, a glass of dry Italian white wine and a glass of good German white and infuse as if making tea. Strain, add 100g white fish, four egg whites and half a bottle of good Sauternes and cook slowly for one hour.

Remove consommé by dipping in a strainer lined with muslin. Wrap 24 oysters in 100g sliced smoked salmon,

return to cup shells, fill with consommé and chill.

KEVIN BROOME'S TEMPURA OYSTERS
Make a tempura batter with 100g flour, 2 tsp baking soda, salt, white pepper, 1 tsp cumin and two ice cubes and amalgamate. Rest two hours in the refrigerator. Crisp up 50g pancetta in olive oil, remove and sauté 250g shredded cabbage, return pancetta. Add 5g saffron

to 100ml good homemade olive oil mayonnaise.

Dip 24 oysters in batter with chopsticks and deep fry. Set on beds of cabbage, drizzle with mayonnaise and garnish with chopped chives, coriander and lime wedges.

A Passion for Oysters: The Art of Eating and Enjoying by Suirley Line (Mitchell Beazley, £9.99, 64 pages) contains 25 further recipes along with useful

Gadgets to open oysters easily

Loch Fyne sells an oyster-opening guard called Clio Hultres, for £7.50, which clamps on to a table and takes all the pressure you can exert. It also sells French oyster knives with rosewood handles and stainless steel blades for £9.95. And, for those who eat a lot of oysters, a lever-operated, table-mounted opener for about £50, special order. Tel: 01492-500284.

information on purchasing and opening, descriptions of the leading UK and Irish oyster farms, some interesting oyster lore and drinks suggestions.

At least one of the often repeated myths about oysters contained in Line's book – that oysters and spirits are a no-no – was recently exploded at a tasting sponsored by Scottish company Loch Fyne.

Wallace Milroy, proprietor of Milroy's, a malt whisky specialist, of Greek Street, London, bravely consumed a dozen or so oysters with a few shots of lemon vodka at the Polish Club in South Kensington, London, recently – and pronounced it a perfectly good combination.

Oysters are slowly regaining some of the popularity they used to enjoy in England with everyone from poets to painters and publicans to punters.

At the end of the last century, about 1,700m oysters were consumed annually in the UK, and not just by the rich. Sam Weller, Mr Pickwick's trustworthy servant in Dickens' *Pickwick Papers* observes, while driving through the East End of London, that: "Poverty and oysters always seem to go together."

Annual consumption in the

UK is now up to about 20m, according to John Noble a partner in the Loch Fyne Oyster Company, a fraction of what is eaten on the other side of the Channel.

Pubs that bother to serve good fresh oysters are selling them in large numbers. The Carrington Arms in Moulsoe, Bucks, serves Abbotsbury oysters and Waxy O'Connor's, in Leicester Square, London, serves Ireland's Rossmores (00 353 21 883248) and both sell between 500 and 1,000 a week.

Bentley's Restaurant and Oyster Bar in Piccadilly, London (0171-287 2972), gets its oys-

ters from Cuan Sea Fisheries in Strangford Lough, near Belfast, (01238-641461) and serves about 5,000 a week.

Loch Fyne's Oyster Bars in Cairnrow, Argyll, in Elton, near Peterborough and in Nottingham, can sell up to 7,000 a week in each venue in peak holiday periods.

One of the most useful things the European Union has done is to grade the waters from which oysters are taken. Grade A means that microbial content is so low – or non-existent – that oysters can be eaten straight out of the water (all the oyster farms I have mentioned are Grade A).

Oysters from Grade B waters must be filtered and purified under ultra violet light for 48 hours. There is also a Grade C but I would not eat them – they must be purified for two months or heat-treated.

New developments from the world of science may put an end to the rule of "not eating oysters in months without an R". Scientists in France are developing a genetic triploid oyster (the normal oyster is a diploid) which is sterile so it does not spawn in warm weather; it just keeps growing.

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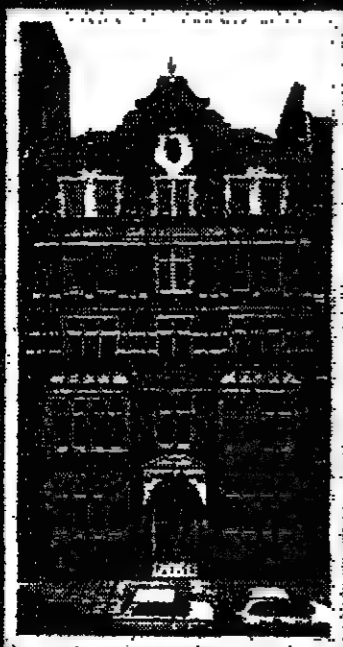
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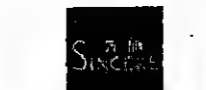
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BOOKS

Programmed into the universe

Every serious look at the world quickly brings into view a dizzying complexity. Many things we would really like to understand apparently involve such a battery of effects acting on so many small components of some vast system that the mind reels. Global climate change and consciousness look like this: so do evolution, ecosystems, economies.

In the last decade or so, the view has changed. Scientists working on a whole range of problems have realised that the complexity is sometimes more apparent than real. They have shown how very complex behaviour can be generated when large populations of quite simple entities interact under the control of equally simple rules.

Typically, the simple entities exist inside a computer memory,

and the rules are part of a programme controlling a simulation - of ants in a nest, neurons in a developing brain, species in a rain-forest or genes in a growing organism. The way the simulation evolves over time is compared with what we know of the real thing to see if the rules the programmer has dreamed up might help to account for the properties of systems which live outside the computer.

This emerging science of emergent phenomena has raised great expectations. Several breathless accounts of the new work have already helped swell the new wave of popular science books. Peter

Coveney and Roger Highfield's overview of this 21st-century science generally offers a judicious path through the hype. They make it clear which of these silicon-based worlds are still really toy models of systems whose important properties we have yet to grasp, which offer real insight. But they do not entirely succeed in providing a compelling read while they carry out this worthy task.

The two main virtues of this baggy book are also its vices. The authors, one a research scientist at Schlumberger's Cambridge laboratory, the other the science editor of The Daily Telegraph, describe how

FRONTIERS OF COMPLEXITY - THE SEARCH FOR ORDER IN A CHAOTIC WORLD
by Peter Coveney and Roger Highfield
Faber £18.99, 462 pages

the development of our understanding of complexity is intimately bound up with the theory and practice of computing. They also emphasise that the twin colossi of computer science, Alan Turing and John von Neumann, were among the first theorists of complexity, as

witness Turing's deep interest in developmental biology, for example.

But it was, one feels, a strategic error to conclude from this that their book needed to begin with almost 100 pages on the history of computing. This is conducted at a level suitable for readers who know absolutely nothing, which induces impatience in the more knowledgeable, as this tale has been told many times before, and usually better. To describe Godel's great theorem proving the incompleteness of any logical system without any attempt to explain how it works is selling both kinds of reader short. Patience is also needed with the

main side-effect of the authors' determination to be even-handed, a relentless name-checking of every researcher who has published anything significant on complex systems. This eventually adds up to almost 250 people who warrant a single entry in the index, and makes some of the text more like an academic review than a popular book. There are a few rather half-hearted anecdotes about Turing and von Neumann, but there is no real sense here of what drives the research, or how it gets done.

The prose is competent, but rarely sparkles. This is a pity because there are many good things

here, especially in the chapters about the origins and evolution of life, and the possibilities of artificial life. But in the end, the book needs a stronger point of view to build on than the conviction that all this stuff is really interesting.

Many who are already interested in complexity will turn to these pages for carefully weighed judgments of who has contributed what so far, which claims are likely to prove justified, where real progress is being made. But that interest is more likely to be sparked by other, more selective books already on the shelves. They are undoubtedly more partisan, often less accurate, more sensational. But they are also more fun.

Jon Turney

Porn and the pursuit of liberty

Jackie Wullschlager on the books that excited 18th-century France

When future historians try to understand our intellectual climate, will they dredge Margaret Drabble and Salman Rushdie out of the archives, or will they read Terry Pratchett and Joanna Trollope, bestsellers whose fictions - fantasy, Agatha Christie - encapsulate key ingredients of the 1990s sensibility?

In this splendidly original book, Robert Darnton has applied the latter formula to a study of cultural life in the *ancien régime*. While traditional histories tell us that before the Revolution the French read Voltaire, Diderot and Rousseau, Darnton has unearthed booksellers' lists and unofficial catalogues to reveal the books that really got the reading public excited: sexy shockers about priests and young girls, scathing political tracts, and scandalous tales about royalty.

All were forbidden books ordered in code, smuggled in from Switzerland or Holland by daring booksellers, and sold *sous le manteau*, or under the cloak. These libertine bestsellers, says Darnton, undercut the orthodox values of the *ancien régime*; their popularity tells much about the oblique ways in which public opinion is prepared for revolutionary change.

Two features make this book exceptional. First is the obsessive zeal of the author. Darnton has spent 25 years searching out forbidden books, publishers' letters, booksellers' accounts hidden in Swiss attics. His method is to focus on the minutiae, then to open up a discussion of pornography, capitalism, anti-clericalism. His reconstruction of rival booksellers in Montpellier rifling through each other's smuggled crates for salacious catalogues, driving pedlars on the fringes of their trade into prison, reads like a sequence from *Jean de Florette*.

As flavoured, Darnton captures the contrasting tone of a classy north-eastern town like Besançon, where the chief bookseller pops over the Swiss border to chat philosophy with a publisher and brings home the odd seductive volume, such as *L'An 2440*, a fantasy about democracy set in a future Paris. This is humanist schol-

arship at its most appealing: human nature, social differences, intellectual interests all illuminated in each flash of detail.

As fascinating are the extracts from the inflammatory books themselves. The euphemism for dangerous or pornographic texts in 18th-century France was "philosophical" books. The most popular, such as *Thérèse Philosophique*, about the erotic and intellectual education of a young girl, mixed sex and metaphysics in a way unthinkable to the modern reader but natural to the libertine values of the 18th-century. Philosophes like Diderot and porn stars like Thérèse, says Darnton, "belonged to the same world - the bawdy, naughty cheeky world of the early Enlightenment, where everything was held up to

THE FORBIDDEN BESTSELLERS OF PRE-REVOLUTIONARY FRANCE
by Robert Darnton
HarperCollins £25, 440 pages

question and nothing was sacred".

Darnton is nostalgic for the pre-television age when books were read so intensely that they changed lives, and he shows how anti-clerical satires about lascivious priests weakened the church, how reading Rousseau's *Emile* "inspired" lovers, spouses, and parents to reconsider their most intimate relations and... to modify their behaviour. On the other hand, much here suggests that basic human responses to reading have changed little in 200 years. One of the most eagerly sought forbidden books was *La Vie Privée de Louis XV*, which acquired something of the same popular currency as *Diana: Her True Story* did in 1982 and the *ancien régime* "lost the final round in the long struggle to control public opinion". Darnton rarely points lessons, but an undercurrent of comparison between then and now constantly enlivens his narrative. With this unorthodox account of pre-revolutionary France, he joins a select band of contemporary writers who combine erudition with entertainment to make history at once popular and significant.



Botanical art is undergoing a renaissance. Shirley Sherwood has collected the work of 100 painters from throughout the world in "Contemporary Botanical Artists" (Weldon & Nicolson £40, 240 pages). Pictured is "Bestroot", a watercolour by Australian artist Susanah Blaxill.

Affairs of the crown

Imagine the fun today's tabloid editors would have had with the love affair between Queen Elizabeth I and Robert Dudley, her Master of the Horse: "Mount up, Bess! Queen falls for groom"; "Dudley's wife dies in mysterious fall down stairs; courtier free to marry"; "Dudleygate: Privy Council in crisis talks 'Queen visits him in his chamber day and night' - maid".

Who the Queen would marry and who would succeed her were questions which kept European courts guessing for most of her reign. In this fascinating study Susan Doran argues that historians have accepted too readily the myth of the virgin Queen, wedded to her country, which Elizabeth promoted once she was past child-bearing age.

Although Dudley, the future Earl of Leicester, was her closest attachment, Elizabeth weighed all her would-be partners with a careful calculation of the advantages they would bring. Early in her reign the benefits of an Anglo-Spanish alliance favoured a match with the Hapsburg Archduke Charles of Austria. Later, Spain's war-mongering in the Netherlands favoured closer ties with the Royal house of France, so the Queen and her counsellors negotiated alternately with Charles IX, King of France, his brother Henry of Anjou and his younger brother Francis, Duke of Alençon.

One of Elizabeth's most popular Protestant suitors was King Eric of Sweden, whose habit of spending freely went down especially well in the City of London, where stationers began selling images of Eric and Elizabeth side by side as if they were a married couple, much to the dismay of the Queen. Ultimately the Queen abandoned all these courtships for fear of inflaming the religious and political factions which divided her court and her country.

The Elizabeth who emerges is less imperious and more uncertain than historical myth suggests. Indeed, one is left thinking how a principal theme of Shakespeare's history plays - the human cost of power - must have mirrored the realities of the time remarkably closely.

Feydeau rather than Shakespeare, it seems, would better characterise the farcical relations that existed between the three generations of Hanoverian monarchs surveyed in Michael de-la-Noy's biography of Frederick, Prince of Wales, heir to George II and father of George III. The great mystery

of Frederick's life is why both his parents hated him so much.

Educated abroad until he was 21, Frederick arrived in England to endure much the same ritual of humiliation from his father (denial of affection, rank and privileges) as his father had suffered at the hands of George I. De-la-Noy puts it down to genetic abnormalities, which makes the Hanoverian succession seem like a Freudian nightmare.

Though over-fond of psycho-babble, De-la-Noy does a commendable job of restoring Frederick's reputation. A friend of Pope and Dryden, Frederick became the most important royal patron of the arts since Charles I. A leading opponent of Sir Robert Walpole and the King, his premature

MONARCH & MATRIMONY: THE COURTSHIPS OF ELIZABETH I
by Susan Doran
Routledge £25, 279 pages

THE KING WHO NEVER WAS: THE STORY OF FREDERICK, PRINCE OF WALES
by Michael de-la-Noy
Peter Owen £22.50, 240 pages

THE PRINCE AND THE PROFESSOR
by L.L. Blake
Shephard-Walsh £7.95, 126 pages

death at the age of 44 cut short a career that might have seen his country's fortunes develop less calamitously than under his ill-fated son.

The Prince and the Professor, subtitled "A dialogue on the place of monarchy in the 21st century", is an enjoyable oddball of a book. Written by a barrister and modelled on Sir John Fortescue's *In Praise of the Laws of England* (1468-71), it argues that the common law tradition of the British monarchy (in Fortescue's words: "under no man but under God and the law, for the law makes the king") is this country's best defence against the absolutist tendencies inherent in EC directives issued from Brussels, which are based on the Roman law concept that "weir pleases the Prince has the force of law". Stronger on ideas than on examples, the author should at least be applauded for raising debate about the purpose of the monarchy to an intelligent level.

Mark Archer

Cover-up conspiracy

Sirhan shot Robert Kennedy in front of 77 people in the kitchen of Los Angeles Ambassador Hotel. Kennedy had only just acknowledged victory in the California Primary and established himself as a threat to Hubert Humphrey at the upcoming Chicago Democratic Convention.

The case against Sirhan was no sooner open and shut than it opened again. While all eye-witnesses put Sirhan in front of Kennedy, at least a foot-and-a-half away, the fatal bullet was fired no more than an inch behind Kennedy's right ear. Sirhan's gun contained eight bullets; considerable evidence shows at least 10 shots were fired.

Witnesses saw a security guard pull (and one thought, fire) a second gun. They described a man and a woman "in a polka-dot dress" who fled

the scene exulting "We've killed him!" The same woman was spotted earlier with Sirhan, whose presence in the kitchen was never explained.

His behaviour, including the "diary" he kept and his lack of memory, bore the hallmarks of experiments in programming killers. None of this came up during his trial.

Cover-ups feed the fires of conspiracy, and the LAPD covered up from the start. Whether hiding embarrassment, involvement, or merely incompetence, they did a comprehensive job. They browbeat witnesses, altered police logs and, after the trial, began to systematically destroy evidence. Including 2,400 crime scene photos.

Dan Moldea came to the case as a researcher who doubted the official verdict. In conspiracy circles, apparently Sauls were not always on the road to Damascus. Many hatchet-jobs begin with the dubious premise that the author intended to support the thesis he subsequently winds up attacking.

THE KILLING OF ROBERT F. KENNEDY
by Dan E. Moldea
Norton £20.95, 342 pages

Moldea's starting point seems sincere; indeed, he spends most of the book establishing the flaws in the evidence. Then he quickly debunks his findings and concludes that Sirhan Sirhan was just another lone, crazed assassin.

For 20 years, the alleged second gunman has been Thane Eugene Cesar, the security guard who stood directly behind Kennedy. Moldea located and gave a polygraph (lie-detector) test to Cesar, who was a rabid right-winger and admitted Kennedy-hater. He owned a .22 pistol similar enough to Sirhan's to use the same shell-casings and he lied about this when questioned in 1968.

Cesar passed the polygraph test with flying colours, which may be convincing. The question whether he would still be alive had he been part of a large-scale conspiracy is perhaps more convincing.

Moldea also reinterviewed Sirhan, who was as elusive as ever. Getting nothing new, He unearthed a note Sirhan allegedly wrote to his counsel as evidence that he both knew what he was doing and got close enough for the fatal shot. Given the doubts about Sirhan's diary and his lawyers' backgrounds, this is not the best of evidence.

Moldea postulates that the LAPD reconstruction erred in tracking Sirhan's first shot, and the fatal shot. This seems likely. LAPD's filmed reconstructions of the event seem to support Moldea's scenario. However, he then discounts the contrary evidence on the flimsy grounds that LAPD were the only ones capable of proper forensic work, thus rendering eye-witnesses, FBI agents, and even other cops unreliable and - finally - trusting the very investigators he has already shown erring.

Moldea's previous works include books linking Ronald Reagan and the National Football League with the Mob. He

presents himself as a crusader, choosing journalistic integrity over commercial possibilities.

In 1974, in answer to calls to reopen the case by Paul Schrader (an RFX aide wounded by Sirhan) and Congressman Alford Lawenstein, LAPD prepared a 76-page document, whose conclusions allegedly contradicted their official verdict. This has not been released, though Moldea quotes its coversheet in a footnote.

Given that some of the LAPD personnel on the case had intelligence links, and given the history of LAPD's politics, could the conspiracy have been a localised, perhaps impromptu one? Moldea has not eliminated this, or other, possibilities.

Recently, a set of photographs taken by the then 15-year-old Jamie Enyart, turned up in California's state archives. Enyart's were the only pictures taken in the kitchen at the moment the shots were fired, but his film was confiscated by LAPD.

The photographs have never been seen. They were believed to have been destroyed in the LAPD bonfire. Enyart sued for their return. The courier delivering them said they were stolen from his car on his way to Enyart's house.

Despite Moldea's efforts, this case will not stay closed.

Michael Carlson

Fiction/Iain Finlayson

Gin and moisturiser

Mavis Cheek makes no pretence to significance.

Indeed, should a Large Theme intrude, it is thus signified by Capital Letters as it moves into view and passes like a ship through Ordinary Life. Her characters may wave, throw streamers and bunting at it, acknowledge its appearance as an event, but it disappears over the horizon, the band backs up the music, the champagne fizzes out and life falls flatly back into place.

Mavis Cheek's heroines are generally looking for something to happen in order that, as a result, life may become normal. What they look for is love that will settle or obscure the Larger Questions that Mavis Cheek weaves through her story like a ribbon of light, disturbing learning. Ovid's charming, alarming love poetry is quoted in the case of her last novel, *Aunt Margaret's Lover*, Homer and Voltaire in the case of *Sleeping Beauties*.

These are reliable sources of quotation and allusion for life, love and the boudoir where Mavis Cheek's heroines have their minor epiphanies and their large aspirations as they

reach for the bottle - the heart's ease of gin and the soul's balm of moisturiser. They are not without resources, though a rich inner life is nothing without the nourishing external application of another layer of mascara.

Lovingly, tenderly, in *Sleeping Beauties* Mavis Cheek creates the cosmetic world of Tabitha's Beauty Parlour, a scented Nirvana that belies the

SLEEPING BEAUTIES
by Mavis Cheek
Faber £14.99, 209 pages

ruthlessness of the ambitions, romantic and sexual, for which women are preparing their bodies. Tabitha, on the verge of retirement from her vocation as a dedicated beautician, is grooming a worthy successor - the young, glowing, nymph Chloe whose sole faults are knock-knees and a painful tendency to speak as she finds. Chloe's big moment comes when she is entrusted with full make-overs of three women whose romantic lives depend upon her artistry.

Mavis Cheek is Faber's

female Nigel Williams, and lucky they are to have her. She is charming, chatty, sweetly frothy as Asti Spumante, and she perfectly judges her market. She is never as raunchy or as rude as Jilly Cooper. She clearly has fun writing her books, and her readers will have fun reading them. Since Mavis Cheek never condescends to women - for that matter, she rarely condescends to men, though she is less interested in them except as furnishings to woman's lives - she can enter into their secret places with confidence, rummage in their closets, take stock of their cosmetics. She particularly takes an interest in women of a certain age: "She who had been dashing, thirty-something... desirable, was now moderate, forty-something avoidable."

Superficially, Mavis Cheek too often strains for hilarity, but underpinning the "comic tour-de-force" (as her publishers bill the novel) is a nice sense of irony, a quiet thoughtfulness and a novelist who knows and uses the sharp tools of "Vanity, lust, folly and foolishness" as a surgeon would his scalpels.

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ARTS

The Opéra reopens its doors

After an 18-month face-lift, the Palais Garnier is back in business, reports Andrew Clark

You need only glimpse the Palais Garnier, standing monumentally at the head of the Avenue de l'Opéra in the centre of Paris, to grasp the importance of opera and ballet in French national life over the past 150 years. And you only need to mingle in the crowds swirling round the Châtelet during the current run of Verdi's *Don Carlos* to realise how popular the lyric theatre can be when it is properly funded.

There is nothing apologetic about French support for the arts. Successive governments have invested heavily in high-quality culture, whether it be Corot at the Grand Palais, Balanchine at the Bastille or Boulez at the Cité la Musique.

The rewards were obvious last weekend. After 18 months of refurbishment, the Palais Garnier - known since its inauguration in 1875 as the Opéra - re-opened with concert performances of *Don Giovanni* and a new staging of *Così fan tutte*. At the Châtelet, a front-rank cast revealed the full splendour of the five-act version of *Don Carlos*. With a Kirov season at the Théâtre des Champs-Élysées just ended, and strongly cast revivals of *Onegin* and *Billy Budd* about to begin at the Bastille, Paris is reasserting itself as the world's operatic capital.

The Palais Garnier's ornate decoration evokes a style of opera-going from a less egalitarian era. Every corner radiates atmosphere. The entire FF145m (£18.7m) cost of the renovation was met by the government.

The re-opening events were nonetheless an anti-climax. Two Mozart operas - one in concert, the other an intimate six-hander - hardly add up to the grand operatic statement the occasion demanded. And neither of last weekend's casts set the pulse racing. In *Don Giovanni*, Michele Pertusi made a smooth but harmless seducer, Renée Fleming an effusive Donna Anna. The best of the evening was Joan Rodgers's "Mi tradi" and Monica Groop's far-from-soubretteish Zerlina. Georg Solti whipped the music into shape in his usual inimitable style.

In *Così fan tutte*, Jeffrey Tate's sensitive conducting was the sole source of inspiration - turning the Opéra orchestra into an

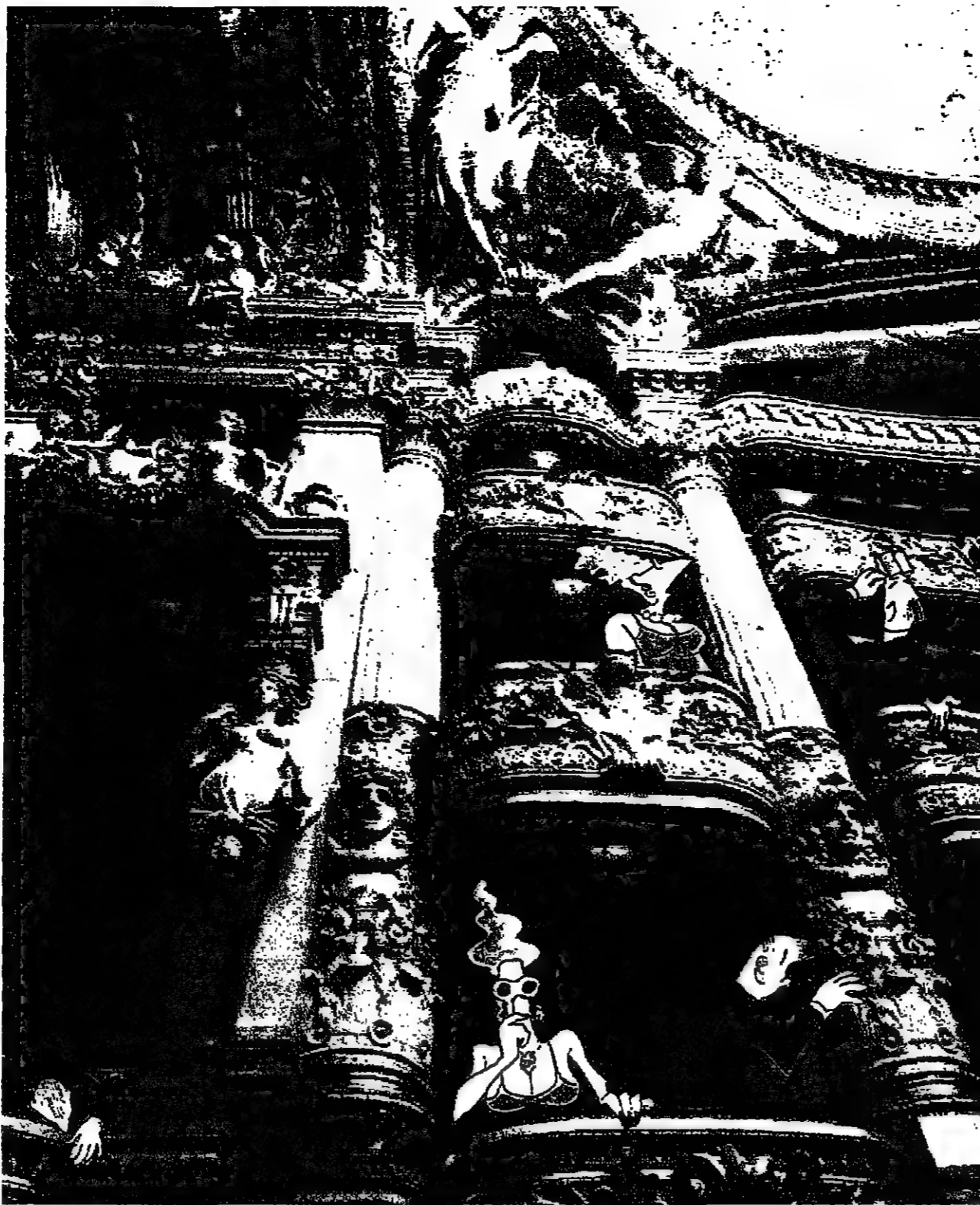
instrument of warmth and refinement. But Ezio Toffolutti's production failed to probe beneath the surface, and the mainly British cast was even to a fault. William Shimell's Alfonso tried to don the airs of an older man, but ended up acting like a camp 18th-century courtier. As the two sisters, Susan Graham and Susan Chilcott resembled a pair of identical northern dolls - though Chilcott, encouraged by Tate's pianissimo accompaniment, distinguished herself in Flordiligi's "Per pietà". The only real spark came from Simon Keenlyside's rampantly masculine Guglielmo.

Why did the Opéra entrust such a prestige production to a designer with no experience of directing? Toffolutti translated the setting from Naples to his native Venice, painting the opening scenes in the style of an 18th-century veduta, furnishing a gondola for the amorous couplings of Act 2, and introducing nonsensical *commedia dell'arte* extras. It was all very pretty, but a setting like this only works with a strong directorial hand. Toffolutti left the cast to their own devices.

By opting for a modest re-opening and reserving his large-scale repertoire for the Bastille, the Opéra's director, Hugues Gall, was presumably trying to show that prudence is the order of the day. The Opéra was in a chaotic state before his arrival last year. So it was unfortunate that, just when the Opéra was returning to the limelight, it should find its clothes stolen by the Châtelet's *Don Carlos*. Known earlier this century for dance and opéra spectacles, and now generously subsidised by the city of Paris, the Châtelet has been developing a reputation for festival-style opera - epitomised by Purcell's *King Arthur* last season and now *Don Carlos*.

Verdi wrote *Don Carlos* for the Opéra in 1867, but its last outing there 10 years ago was a disaster. The Châtelet put together a front-rank cast under Luc Bondy, one of Europe's most inspirational stage directors. The result was five hours of sheer splendour, which Covent Garden can enjoy when the production moves to London in June.

The Châtelet chose the same version of the score as English National Opera in 1992: the



"C'est magnifique!" The restored opera house is a place for the 'gratit' of Paris to see and be seen

five-act original augmented by material cut before the 1867 first night and discovered by Andrew Porter in the Opéra's archives in the 1970s. In cases like the Elisabeth-Eboli exchanges before "O don fatal", the extra material fits well. But the Philip-Carlos prison duet holds everything up: Verdi knew when to wield the scalpel after all.

With that one exception, Verdi's inspiration never flags. Verdi gave Paris what French grand opera rarely glimpsed: largeness of scale matched by intimacy of human drama. That this combination seemed so potent at the Châtelet is as much a tribute to producer, cast and conductor (in that order) as it is to Verdi.

This was anything but a traditional stage spectacle. What

interested Bondy was not the outward realism of time, but the inner realism of human feeling and torn relationships. Each of the great duets was choreographed with spellbinding intensity, as if movement had been determined by a magnetic field of attraction and repulsion. Even minor moments were invested with palpable emotion. This is surely the kind of personal drama Verdi intended.

Gilles Allaud's decor was simple, spacious and predominantly Spanish: a floor-mosaic in the sunlit monastery interior, an exotic poolside for Eboli's veil song, a barren bed-chamber for the king's Act 4 aria. Moldes Bickel's costumes, including décolleté gowns for the women, lacked historical veracity but told us

who the characters were. The four male principals were as good as one can hope to hear today. Roberto Alagna fully justified his rating as the world's leading tenor of the post-Pavarotti generation. He matched words to musical line with easy authority, never forcing and only occasionally hardening his tone at the top. He also acted like an intelligent member of an ensemble: six weeks of rehearsal had brought their reward.

Thomas Hampson's Posa was no less compelling. Disguised in flowing locks and long black coat, he could have stepped out of a Velázquez painting. Although his diction could be improved, his generous tone matched the "French" refinement of the music, and his trills were pure delight. José

van Dam's veteran Philip was the embodiment of emotional constipation, the voice sounding rejuvenated. Eric Halfonson's hooded Grand Inquisitor moved like a crab and sang like a devil.

The ladies were a matter of taste. Karita Mattila may not be a true Verdi spinto, but she sings ecstatically, with a rare ability to express conflicting emotion: she made a stunning Elisabeth. Waltraud Meier had neither the coloratura nor the purity of timbre for Eboli, but compensated with a brilliant "O don fatal". In the pit if not on stage, the performance was infused with an authentically French grandeur, thanks to a smoothly-contoured, luxuriant account of the score from Antonio Pappano and the Orchestre de Paris.

Competition was tough in the foyer

Paul Betts mingles with the Parisian beau monde on the opening night

The renovation was described as a *lifting* and the frangibles could not have been more appropriate. Like an over-ripe dowager, the old Paris Opéra was badly in need of a face lift.

After all the scandals and political shenanigans that have bedevilled the agitated world of Paris opera during the last seven years, the long awaited event was marked with not one but two opening nights - and both were an opportunity for the *gratit* of

Parisian society to turn out in force and celebrate the return of *bel canto* at the Palais Garnier. "The hour of shame has passed", remarked one political commentator, referring to the late socialist President Mitterrand's decision to build a new "opera for the masses" at the Bastille

and to confine the Palais Garnier to ballet.

There could be no greater contrast than the two houses. The people's opera of the Bastille, which opened on the 200th anniversary of the 1789 French Revolution, was described last week by Rolf Liebermann, the former

director of Garnier, as an airport terminal. With 2700 seats, it is the world's biggest opera house but since its opening in 1989 it has been beset by strikes, financial difficulties, the dismissal of 17 directors - not to mention criticisms about its poor acoustics. "What is the difference between the new opera house and the Titanic," went the joke in Paris. "The orchestra played on the Titanic."

The Palais Garnier makes no concession to multi-cultural modernism. It is a showpiece of the Second Empire, a temple of the bourgeoisie at the heart of the commercial centre of Paris. Charles Garnier himself said of his preposterously exuberant building, a cocktail of baroque and neo-renaissance, that it was to be "a monument to art, to luxury, to pleasure."

Théophile Gautier called the pastiche "a worldly cathedral of civilisation". My invitation to the first night of *Così fan tutte* said *Smoking-yes*. And I was glad to be decked out in dinner jacket because on formal occasions the French are more formal than the British. Even so, some stranger kindly brushed off a few specks of dandruff from the back of my collar as I walked up the great ceremonial marble staircase decorated with statues of females carrying torches.

I arrived early to indulge in a little aristocratic preening and social intercourse in the grand foyer and the parquet hall on the first floor designed by Garnier "as a drawing room for Paris society". Women in magnificent outfits walked arm-in-arm with their escorts. "C'est vraiment magnifique", they muttered as their eyes fixed the *tailleurs*.

the evening dresses, the jewels of the other women wandering in that provocatively self-conscious Parisian manner. Parisian women, a French friend acknowledged, are very unsuitable in the way they flaunt their sexuality. "Young and old, they dress to compete against the other women." The competition was tough in the foyer.

You could have been inside a painting by Renoir or Manet: or indeed inside the Monte-Carlo casino, for Garnier was later commissioned to build a mini replica of his Paris Opéra in that great temple of gambling. Both have the same abundance of sculptures, busts, allegorical figures, classical masks, frescoes and the same audience, at least on gala nights, of social locomotives for whom the performance is really a secondary matter.

Inside the auditorium nothing seemed to have changed. That is the triumph of the renovation, the third in the opera's 121 year history. But on closer inspection, everything has been restored to its original *glitz*: the curtain in front of the Italianate stage; the red "Opéra" damask in the boxes; the seats in the stalls in their luxuriant Trianon red re-painted in their original black; and above all the Chagall ceiling resplendent thanks to the restoration of the 144 little round lights circling the dome like the necklace worn by the Empress Eugénie, wife of Napoleon III, in Winterhalter's portrait.

Eugénie had criticised the opera's lack of style. "What period is this, it is not Greek, nor Louis XIV," she told Garnier. "This is Napoleon III style," he replied.

But the best of the Opéra's *lifting* remains invisible to the

audience. Air conditioning has been installed to provide a comfortable, constant 21°C temperature. High tech electronics have replaced the old stage machinery and the curtains now drop so silently that the tenor did not hear them coming when they fell on his head in the middle of the last act. Acoustics have also been greatly enhanced.

"I adore *Così fan tutte*", said my neighbour with whom I was trying to avoid touching knees. "I love your informality, the way you see dukes in old dinner jackets drinking at the bar next to young in jeans." In the Garnier stalls, the seats with leg room designed for a Toulouse-Lautrec continue to be dreadfully uncomfortable. "The French must have been very small in the last century," my neighbour added. But she was watching all the other people and oohing and aahing about the Opéra's renovation.

"I do love star gazing," she acknowledged. She spotted Mme Pompidou, Raymond Barre, the former prime minister known as "France's greatest economist" Pierre Bergé, the head of Yves Saint Laurent whose reign at the Bastille opera turned into *grand guignol*; and famous cashmere socialists alongside the imperial guard of the old regime.

We had a traditional after show dinner at the bustling Café de la Paix on the Place de l'Opéra. At around 2am one of the divas arrived with her entourage to be told that the chef had gone to bed. At my hotel the night porter asked if I had had a good night at the opera. "Magnifique", I said. "What did you see?" "You know, I really can't remember."

The deft painter from Delft

William Packer reviews the Vermeer exhibition in The Hague

Vermeer of Delft is one of the rarest of artists - so rare that the whole world is beating a track to the Mauritshuis at The Hague this spring to see only 22 of his paintings of the 35 that survive. Most of them are small, some tiny, and they fit easily into four small rooms.

Vermeer is also one of the most puzzling and contradictory of artists. The belief that he was reclusive in his lifetime and forgotten thereafter is now exposed for the myth it is, yet many questions remain. Vermeer was just 21 when, late in 1653, he was admitted to its painters' guild, the Guild of Saint Luke. He was its master at 30 and again before he was 40. He was also a picture dealer, a business he inherited from his father and which finally ruined him in the 1670s. Dealers are not normally a reticent breed.

So Vermeer was active and prominent throughout his life, visited by distinguished foreigners and supported by some known collectors. So where are all the paintings? Fewer than 40 for an active career of some 20 years seems improbable. At the time of his death, late in 1675 at the age of 43, there were at least 28 of his paintings still in his studio.

Well-known and respected as he was, had barely one year left his hands hidden?

Some would argue the meticulous nature of his technique as cause of so slow a process, but this is nonsense on two counts. In the first place, even the most meticulous of techniques need not be all that slow; the minutest highlight on a pearl earring can be the work of an instant. In the second place, he was not as meticulous as all that.

What is so intriguing now is to see how broad his handling so often is. In the earlier, larger religious and historical paintings, Rembrandt in feeling yet with a hint of Rembrandt, this is only to be expected. But once he shifts from the ideal to the actual, to the "View of Delft" and "The Little Street" of the later 1650s and his putative association with de Hooch, it is still the rich painterliness in the description rather than its obvious attention to detail that so takes the eye. De Hooch seems pedantic by comparison. Indeed, in such a matter of detail as the proportion of the figures by the river and in the street, Vermeer is hopelessly out. Later, the tiny "Girl in a Red Hat" of 1665, who turns from the light, her face in shadow, is a miracle of swift, deft painting.

In the great sequence of figures in interiors that follows after about 1660, the figure is established within the defined pictorial space, in proper relation to chair and table, window and wall. The more obvious narrative genre, of bar-room gallantry and sexual innuendo,

soon falls away to be replaced by something more ambiguous and understated. The light floods in as a rule from the left and against the screen of the far wall a woman stands - now reading a letter, fastening a necklace, pouring milk from a jug, holding a pair of scales, reaching to the window, playing the virginals.

Much is made of Vermeer's preoccupation with perspective, but often he does not get it quite right. Sometimes it is forced or exaggerated, sometimes simply too evident and assertive. And the figures sometimes betray a crumpling of an arm here, a crudely stated hand there, or the mere indication of a face. It was long thought that he used a camera obscura to set up these compositions. So far as perspective is concerned, it is now known that he used the simplest of devices, a pin and a string, instead. The figures, perhaps, are another matter, for there are some shifts of focus, blurrings of contours and some loosenesses of description that suggest something other than the evidence of the eye registered directly on the canvas.

What is rather more interesting is Vermeer's formal engagement with composition. He sets the vertical against the horizontal against the diagonal not only to clarify the space in which the figure stands, but to organise the painted surface as a surface. The actual device may be the frame of a painting, a door, the lid of a harpsichord. Time and again, the bottom corner of a frame presents the woman's head: as she turns towards us. In several paintings it is a map with a rod along its lower edge. Now it hangs behind the figure to throw it forward, now to one side, now, so the X-ray shows us, finally quite pointed out.

These are not the concerns of a purely descriptive and narrative artist. Rather, they speak of one deeply engrossed in the structures and abstract visual syntax of painting itself. Two and a half centuries on, it is Mondrian, another Dutch painter, who comes to mind.

Vermeer emerges from this exhibition as surprisingly uneven an artist, by no means the immaculate master of his reputation. But at his best, he is truly great, for the unique intensity, the exquisite sensitivity with which he celebrates the figure before him, and the space in which she stands. How can that woman be so true, so beautiful, in that frozen moment as she half turns, half smiles, towards us, standing at her keyboard? It is enough that she just is.

Johannes Vermeer: the Mauritshuis, The Hague, until June 2; sponsored in the Netherlands by Rabobank.



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SPORT

Sporting Profile

Warming to the real McCoy

Chris Lawson meets a rising 21-year-old jump jockey

Good horses. Good trainers. A good agent. Succinctly put, A.P. McCoy, listing these three criteria as the cornerstones of his success, is nothing if not succinct. Speech, mannerisms, and, vitally, his riding style, have marked Tony McCoy as a man in a hurry, the brightest young star in jump racing's unstable firmament.

A suitable metaphor, as the rise of this young jockey with the quiet County Antrim accent has been hardly less than meteoric.

In only his second season with a jumping licence, it is hard to believe he holds such a commanding lead in the jockeys' title race, more than 30 winners ahead of nearest rival David Brindley and consistently passing the winning post ahead of the established weighing room hierarchy of Dunwoody, Maguire, Williamson, Bradley et al.

The remarkable speed with which McCoy has arrived in the top flight is only paralleled by his lack of experience.

When he arrived in England in 1994 he had only ever ridden in one steeplechase.

Apprenticed in Ireland at the flat racing yard of Jim

Bolger, at the age of 16, he adapted quickly. "I had to. I wasn't any good at anything else."

Over the next four years McCoy honed his talent schooling some of Bolger's best: Irish Derby hero St Jovite, Oaks star Jet Ski Lady, and Group One winner Eva Luna. This was an impressionable period. McCoy says: "Jim Bolger has to be one of the great trainers. I learnt a lot with him, had over 60 rides and rode my first winner, Legal Step."

He won five more times on the flat before increasing weight forced the transfer to hurdling. He has never looked back.

Seven victories in Ireland and a rising reputation for possessing a rare racing brain, preceded a move to England at the invitation of trainer Toby Balding.

"I'd gone to Wexford to look at Tony after one of my Irish spotters had told me of a young man I should take serious note of," explains Balding.

"He looked neat and tidy [in the saddle] and rode a particularly good race without actually winning. His lack of experience over bigger obstacles didn't bother me. I knew he'd done well hurdling



Tony McCoy, one of the brightest young stars in jump racing

and had good balance and an excellent eye for a jump."

Balding, one of the most experienced and successful of trainers, says of McCoy: "He possesses a natural racing brain and a rare gift that makes horses run for him. He assesses races extremely well and knows instinctively where to be and when to arrive."

Chickabiddy arrived for his first win on English soil in a handicap hurdle at Exeter in September 1994. It was the start of a habit that has become increasingly hard to break.

At first, headline writers called him "The New Maguire", and then quickly warmed to "The Real McCoy". The publicity which inevitably accompanies such riches stories, particularly sporting ones, can have overwhelming

often insidious, side effects.

So far, McCoy has maintained an air of indifference. "I don't pay any attention to the media. My job is to ride horses. Owners, trainers and punters put a lot of money into this game. Riding carries responsibilities because of it. I hate being beaten. Nothing brings you down to earth like getting beat."

The young pretender re-wrote the record books last May when beating Adrian Maguire's 1981/82 conditional jockeys' score (a conditional jockey is the National Hunt equivalent to an apprentice in flat racing) with 74 wins in his first season. Trainers competed for his services, and the astute McCoy enlisted the talents of Dave Roberts, top agent to the top jockeys.

A decision last July to take advantage of the advent of summer jump racing has paid dividends. While most rivals enjoyed a traditional six-week break, in their absence McCoy took an early lead in the jockeys' table, assisted by the emerging West Country trainer Paul Nicholls.

Nicholls, a former jockey now in his fifth year training, shares first claim on McCoy's services with Toby Balding. "When I first appointed Tony as stable jockey there were many who thought it a rather unwise move, particularly as we had a yard full of young chasers."

"But Tony came up, schooled some novices over fences and I must say I was very impressed. There was no faulting either his riding ability or his attitude."

Nicholls is another who is quick to appreciate McCoy's talent for race riding. "He's a professional, has a real will to win, but is the first to admit he could not have done so much so soon without good horses and a good agent."

Should next week's Cheltenham Festival go according to plan, Nicholls will be arming McCoy with ample ammunition for an assault on the Ritz Club Trophy, awarded to the most successful jockey over the three days of the meeting.

Call Equiname (Supreme Novices Hurdle) looks particularly promising says McCoy, but Captain Khedive (Arkle 'chase), Punters Overhead (Sun Alliance 'chase) and Itasub (Triumph Hurdle) have all been attracting interest in the

market. With three months of the season left, and the two most prestigious festivals (Cheltenham and Aintree's Grand National) to come, McCoy's most difficult job may prove to be focusing on the day-to-day grind of riding winners.

Chasing across the country in pursuit of this objective becomes mentally, as well as physically, exhausting, as reigning champion Richard Dunwoody, now in more relaxed non-title chasing mode, has discovered over the last two years.

McCoy remains a strong contender for the jockeys' title, but jump racing is a perilous occupation. The history books are littered with jockeys who would have carried off the National Hunt

title but for injury.

While McCoy may be taking full advantage of injuries to rivals Adrian Maguire and Norman Williamson, both out of the Cheltenham Festival, it only takes one fall, one suspension or a sustained winning sequence from another jockey for title ambitions to vanish faster than a gap on the inside rail.

Peter Scudamore, the most successful jump jockey of all time, has observed McCoy closely and offers his own salutary warning: "McCoy is an exceptionally good jockey. A positional rider with an awareness on horses that should not have won. What he really needs now is to stay sound. He's got all the talent, he just needs that little bit of luck."

It was one world champion's verdict on another and it reverberated around Australia's air waves. Michael Schumacher, said Alan Jones, the former grand prix driver-turned-commentator, was one hell of a driver but also "an arrogant little bugger."

"Jonesy", a Crocodile Dundee figure who won the Formula One title for Williams some years ago, has got it wrong. Well, half-right. If arrogance is to be construed as supreme self-confidence and a conviction that a correct path is being followed because he, Schumacher, has weighed the pros and cons and concluded it to be so - then the young German and already two-times world champion is indeed arrogant.

If an essential ingredient of arrogance is considered also to be *hauteur* and an obvious disdain for others, then Schumacher is not.

The word I suggest Jones was looking for, as the grand prix carousels start to turn again this weekend in Melbourne, is "infuriating".

Away from the circuit Schumacher, looking for his third title aboard Benetton but Ferrari, is unfailingly and unflappably composed, courteous, even charming in a manner which is almost self-effacing.

He is a ruthless intimidator on the track, but if he has ever seriously allowed his temper to run out of control off it, I know of no one who has seen it. "There is no point in getting emotional," the slightly built but supremely fit figure says over breakfast before taking the flight to Australia. "It gets you nowhere and it is not professional."

Whether or not he lives up to that statement, that morning, on the professionalism front, the Schumacher armour is impenetrable. The breakfast is with Ian Dahl and Edward Asprey, chief executive and director respectively of the 200-year-old Bond Street (now Brunel-owned) jewellers. The Schumacher attention is total, though not rapt or sycophantic. Under the approving eye of manager Willi Weber - they have been together since Schumacher's earliest days of karting - you can see him ingesting and storing information as if it were invaluable track data.

You just know that when Asprey's new owner Prince Jefri, Brunel's finance minister, and his entourage pitch up at grands prix later this year, Schumacher will be there recalling what he has heard and giving yet another masterly display of how to keep sponsors happy.

It is the second impressive demonstration of the morning. A few minutes earlier Schumacher had turned up for



Michael Schumacher relaxing after a meeting in London

Grand Prix/John Griffiths

Schumacher's belief

breakfast in jeans and a plain open shirt, not realising there would be an FT photographer.

A quick apology and he hurried away, unprompted, to return looking little different. Then you noticed that his shirt lapel now carried the discreetly stitched name of Dekra, one of his personal sponsors. No, insisted Willi, the shirt-change was not a contractual obligation for when photographers are around - "Michael likes to think about the interests of sponsors."

Such attention to detail seems to come naturally to Schumacher, unlike some drivers - and not all fully appreciate its importance to the corporations which feed the ever-gaping mouth of the F1 money machine.

Schumacher's bank managers must be pleased to see him. His contract for the next two years with Ferrari alone is reputed to be worth more than \$25m. Schumacher, who married recently, readily admits he moved to Monaco strictly for tax reasons.

Given the trials and tribula-

tions of Ferrari in recent weeks, it is hard to take at face value Schumacher's claims not to have become emotional about them. The cars were finished two weeks late and in testing have suffered a litany of breakdowns. I would love to have had a tape-recorder in the cockpit at Estoril, I suggest, to monitor the stream of German invective which must have followed the final oil leak which put a stop to testing.

Most drivers, not least Schumacher's fiery Ulster team mate Eddie Irvine, would have felt like hopping out and kicking the cat. Not Schuey. "There is no need of that. We know what the problems are; where we should be in the testing and what is still to be done. They will be sorted; not to win in the first three races, perhaps; but after that, who knows? But I really do not need to become emotional about these things."

The vital question is, will the Schumacher way of doing things rub off on Ferrari sufficiently to help bring it - if not this year then in 1997 - the

world championship which has eluded it for nearly 30 years?

Schumacher insists that 1996 will mark the turning point. "And it is true that Ferrari is an especially great name and I wish to be associated with that turning point."

If it happens, it will also be the result of the efforts, in particular, of Jean Todt, the former Peugeot motor sport boss now with increasingly firm hands on the operational wheel, and the F1 cars' English designer, John Barnard, as well as Luca di Montezemolo, the Ferrari team's managing director. Yet it is to Schumacher that most are looking to spearhead the revival.

Schumacher, coming to Ferrari as indisputably the fastest of the world's present crop of grand prix drivers, cannot lose almost irrespective of what happens to Ferrari - if it fails, he only has to blame the car. He also insists, disingenuously, that, "I am only the driver". But, he goes on to acknowledge, "It is good that they seem to listen to me and are interested in my suggestions".

Those with close contacts inside Maranello, Ferrari headquarters, say that it goes deeper than that and fundamental changes in operating procedures, at Schumacher's behest, are already under way.

So are they indulging in that well-known motor racing practice of "sandbagging", hoping to lure other teams into a false sense of security about Ferrari's true ambitions? No one outside the team really knows. Nor should you believe any of the inside track on who will win the world championship this year, for the teams themselves are divided.

Frank Williams, not unnaturally, says he expects Williams, and probably Damon Hill, to win "but the racing's going to be closer this year than for a long time past and Jacques (Villeneuve, the young Canadian IndyCar champion in his first season for Williams) is going to be pushing him hard". It was a prediction quickly borne out. Villeneuve beat everyone in the first qualifying at Melbourne on Thursday.

Cricket Politics/Canute James

A jaded and arrogant team

To West Indians, cricket is more than a game. It is the soul of national pride. It is politics. On Sundays it is church in the morning and cricket in the afternoon.

The game is played and followed with near-religious zeal which takes victory as a matter of course and which crumbles in defeat.

It is widely accepted that the cricket team is one of the two institutions - the other is the University of the West Indies - which has done more to draw West Indians together than the protracted and frustrated efforts of political leaders to achieve some semblance of economic integration and political union.

The importance of the team to the islands explains the decision of Caribbean prime ministers to intervene in cricket matters. At their summit in Guyana last week, Caribbean Community (Caricom) leaders awoke to watch, with growing disbelief, the humiliation of the former world champions by Kenya's spirited and deserving amateurs.

After weeping over coffee, they appointed a committee of four prime ministers to hold a "summit" with the West Indies Cricket Board.

The prime ministers expressed deep concern about the state of West Indian cricket, and thought it necessary "to take practical steps to return the West Indian Cricket Team to its former place at the pinnacle of international cricket".

No date has been agreed for this meeting but, by the time it takes place, some fundamental changes will have already been made.

Richie Richardson's decision to quit as captain at the end of the World Cup is not surprising, but it has solved one problem for the West Indies Board.

West Indies admirably to a drawn series on a hard tour of India when Richardson was fatigued.

Walsh, 33, a workaholic, and more dynamic than the phlegmatic Richardson, may not have more than three years to contribute to the team. A successful series against New Zealand would guarantee him the captaincy for the more difficult series in Australia at the end of the year.

But the selectors will have no problem when the time comes to choose Walsh's successor. batsman Brian Lara, expected to be the vice-captain, and who has publicly stated his desire to lead, will by then, it is thought, have worked to change his image: of not being

decided not to play there because of the political situation. Significantly, Short was absent from this week's board meeting when the changes were made.

New captaincy and team management will lift the spirits of West Indian supporters after this week's hard-fought victory over Australia. But these are unlikely to ease longer-term concerns.

Sobered by the Kenyan victory, less emotional heads claim that the West Indies team does not deserve to go much further in the World Cup, even if they defeat South Africa in the quarter finals this weekend.

Such a result could dangerously mask the shortcomings in talent, application and human relations which have undone what, on paper, appears to be a team to match any other in the game. Changes must be decisive and far reaching, claim more radical voices.

Clearly, only Ambrose, Walsh and Lara (and perhaps Richardson, if he continues to play and is relieved of the distractions of captaincy) are the pillars of the team.

In one-day cricket, much more is needed. The Australians are favourites for the World Cup because they have a team which includes eight who can bowl and nine who can bat.

The Caribbean prime ministers, however worried and keen to help, do not appear to offer a cure for these problems. Their best bet is to try to curb the inevitable outbreak of insularity in the region.

A winning West Indies is a focus of regional unity. Parochialism has been growing since the series loss at home to Australia a year ago, the uncertain performance in the drawn series in England last summer, and Kenya's win over a jaded and arrogant team.

Critics of the West Indies Board will claim a victory in their persistent call for Clive Lloyd to be more involved in the team. Lloyd, having captained West Indies into a fearfully professional and consistently successful side, will have much to offer. He will not only work on players' skills, but will hope to reduce the levels of rancour, indiscipline, and dissension - and improve players' confidence.

A change at the top of the administration is likely to have taken place by the time the summit is convened. Peter Short, the frequently criticised president of the West Indies Cricket Board of Control, is unlikely to seek another term of office in June.

His administration has coincided with not only the waning fortunes of the team, but with confusion over the handling of team disciplinary matters and the controversy over playing in Sri Lanka. Eventually it was

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INTERNATIONAL ARTS GUIDE

هكذا من الأهل

XIX

What's on in the principal cities

AMSTERDAM

CONCERT

Concertgebouw Tel: 31-20-5730573
 ● Hélène Grimaud: the pianist performs works by J.S. Bach/Busoni, Albeniz and Brahms; 8.15pm; Mar 17
 ● Koninklijk Concertgebouworkest with conductor Carlo Maria Giulini perform Beethoven's Symphony No.4 and Symphony No.5; 8.15pm; Mar 13, 14, 15

EXHIBITION

Van Gogh Museum Tel: 31-20-5705200
 ● Franz von Stuck (1863-1928): Eros & Pathos: retrospective exhibition of work by the German artist. The display includes 50 paintings, 15 sculptures and pieces of furniture; to Mar 17

ANTWERP

CONCERT

Koninklijk Elisabethzaal Tel: 32-3-2024562
 ● La Forza del Destino: by Verdi. Concert performance by De Vlaamse Opera with conductor Daniel Lipton. Soloists include Henk van Heijnsbergen and Soy Smolyaninova; 8pm; Mar 17, 19

BALTIMORE

CONCERT

Joseph Meyerhoff Symphony Hall Tel: 410-783-8000
 ● Baltimore Symphony Orchestra: with conductor Ivan Fischer and pianist Andrés Schiff perform Haydn's Piano Concerto in D major and Brahms' Symphony No.4; 8.15pm; Mar 14, 15, 16

BARCELONA

EXHIBITION

Fundació Antoni Tàpies Tel: 34-3-4870315
 ● Paul Thek. The wonderful world that almost was: exhibition devoted to the work of the American artist Paul Thek (1933-1988). The display includes a selection from his series Technological Reliquaries (1964-1967), bronzes from the series The Personal Effects of the Pled Piper (1973-1976) and a broad selection of drawings and paintings produced throughout his career; from Mar 15 to May 19

BERLIN

CONCERT

Konzerthaus Tel: 49-30-203092100/01
 ● Marie-Claire Alain: the organist performs works by Couperin, Balbastre, Franck and Albin; 3.30pm; Mar 16

● Staatskapelle Berlin: with conductor Daniel Barenboim and the Staatsoperchor perform Beethoven's Christus am Ölberge and Symphony No.5. Soloists include soprano Laura Aikin, tenor Peter Schreier and bass René Pape; 8pm; Mar 12, 13

● Deutsche Oper Berlin Tel: 49-30-3438401
 ● Die Meistersinger von Nürnberg: by Wagner. Conducted by Patzak. Frühbeck de Burgos and performed by the Deutsche Oper Berlin. Soloists include Wolfgang Brendel, David Griffith and Barry MacDaniel; 5pm; Mar 10

● Komische Oper Tel: 49-30-202600
 ● Die Fledermaus: by J. Strauss. Conducted by Yakov Kreizberg and performed by the Komische Oper. Soloists include Schellensberger, Korovina and Neumann; 7.30pm; Mar 14

BOLOGNA

DANCE

Teatro Comunale di Bologna Tel: 39-51-529999
 ● Les Ballets de Monte Carlo: perform the choreographies of Dorey la Luna by Jean-Christophe Maillot to music by Scriabin and Les Sylphides by Michel Fokine to music by Chopin; 8pm; Mar 12

BONN

EXHIBITION

Kunst und Ausstellungshalle der Bundesrepublik Deutschland Tel: 49-228-9171200
 ● By the Light of the Crescent Moon. The Occident and the Turkish Orient: exhibition devoted to the European's views on Turkish culture, from the 15th to the 19th century; to Mar 17

● Oper der Stadt Bonn Tel: 49-228-7281
 ● Queen of Spades: by Tchaikovsky. Conducted by Alexander Lazarev and performed by the Oper Bonn. Soloists include S. Spahn, L. Schewtchenko, D. Jugovic and R. Naczinski; 8pm; Mar 13, 25 (7pm)

BOSTON

CONCERT

Boston Symphony Hall Tel: 1-617-266-1492
 ● Boston Symphony Orchestra: with conductor Neeme Järvi and violinist Malcolm Lowe perform Mozart's Divertimento in F, K136 and Beethoven's String Quartet in C sharp minor, Op.131; 8pm; Mar 14, 15 (1.30pm), 16

● Museum of Fine Arts Tel: 1-617-267-9300
 ● Art Works: The PaineWebber Collection of Contemporary Masters: this exhibition features the collection assembled at PaineWebber in New York. The works date from the 1950s and represent several key movements of the last four decades, including



'Kitten' Anonymous (12th century) from the Splendours of Imperial China in New York

abstract expressionism, pop, minimalism, conceptual art, and neo-expressionism. The display includes works from artists such as William DeKooning, Helen Frankenthaler, Kiki Smith and Andy Warhol; from Mar 14 to Jun 9

BUDAPEST

DANCE

Magyar Állami Operaház - Hungarian State Opera House Tel: 36-1-312550
 ● Nureyev International Ballet. Competition: second edition of this biennial international competition for young dancers. The prize-giving gala takes place on Mar 17; from Mar 9 to Mar 17

CANBERRA

EXHIBITION

National Gallery of Australia Tel: 61-6-240-6411
 ● JMW Turner: exhibition of about 60 paintings and watercolours by the English landscape painter Joseph Mallord William Turner (1775-1851). The exhibits come from European and American museums and private collections; from Mar 16 to Jun 10

CHICAGO

CONCERT

Orchestra Hall Tel: 1-312-435-6666
 ● Chicago Symphony Orchestra: with conductor Riccardo Chailly perform the overture to Rossini's Guillaume Tell, Janáček's Sinfonietta, and Brahms' Symphony No.4; 8pm; Mar 14, 15, 16 (7.30pm)

● Civic Opera House & Civic Theatre Tel: 1-312-332-2244
 ● Das Rheingold: by Wagner. Conducted by Zubin Mehta and performed by the Lyric Opera of Chicago. Soloists include James Morris, Ekkehard Wlaschka, Graham Clark and Marjana Lipovsek; 7.30pm; Mar 11, 18

● Art Institute of Chicago Tel: 1-312-443-3600
 ● Showing in the Kisho Kurokawa Gallery, 'Contemporary British Architects: Recent Projects from the Architecture Section of the Royal Academy Summer Exhibition' presents three years' highlights from the Architecture Room of the Summer Exhibition. Sponsored by the FT, the exhibition contains drawings, models and photographs of buildings designed by Sir Norman Foster, Nicholas Grimshaw and Richard Rogers, as well as work by younger architects. To May 5

● Die Meistersinger von Nürnberg: by Wagner. Conducted by Patzak. Frühbeck de Burgos and performed by the Deutsche Oper Berlin. Soloists include Wolfgang Brendel, David Griffith and Barry MacDaniel; 5pm; Mar 10

COLOGNE

CONCERT

Kölner Philharmonie Tel: 49-221-2040820
 ● Orgeles Klavier: pianist Pavel Gililov and organist Viktor Lukas perform works by Dupré, Posters, Giliou and Purvis; 11am; Mar 17
 ● Tokyo String Quartet: perform Bartók's String Quartet No.2 in A minor and Beethoven's String Quartet No.13 in B major; 8pm; Mar 13

COPENHAGEN

CONCERT

Det Kongelige Teater Tel: 45-33 14 10 02
 ● Madama Butterfly: by Puccini. Conducted by Paolo Olini and performed by the Royal Danish Opera. Soloists include Gitta-Maria Sjoberg and César Hernández; 8pm; Mar 10 (3pm), 12, 15, 18

● Opernhaus Tel: 49-221-2218240
 ● Eugene Onegin: by Tchaikovsky. Conducted by David Levi and performed by the Oper Köln. Soloists include Andrzej Dobber, Helga Dernesch and Susan Anthony; 7.30pm; Mar 15, 21

DETROIT

CONCERT

Detroit Orchestra Hall Tel: 1-313-833-3362
 ● Detroit Symphony Orchestra: with conductor Neeme Järvi and conductor Neeme Järvi perform works by Thomas, MacMillan, Vivaldi and Ravel; 8pm; Mar 14, 15, 16 (8.30pm)

DRESDEN

CONCERT

Sächsische Staatsoper Dresden Tel: 49-351-49110
 ● Die Meistersinger von Nürnberg: by Wagner. Conducted by Christof Prick and performed by the Sächsische Staatsoper Dresden.

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Soloists include Eva Johansson and Hans Sotin; 5pm; Mar 17, 21

GENEVA

CONCERT

Victoria Hall Tel: 41-22-3263573
 ● Orchestra de la Suisse Romande: with conductor Eliahu Inbal and violinist Joshua Bell perform works by Mendelssohn and R. Strauss; 8.30pm; Mar 13, 14

GLASGOW

CONCERT

Glasgow Royal Concert Hall Tel: 44-141-3326633
 ● The Royal Scottish National Orchestra: with conductor Walter Weller and soprano Felicity Lott perform Mozart's Symphony No.8 and Symphony No.41 (Jupiter); 7.30pm; Mar 16

GOTHENBURG

CONCERT

Göteborgs Konserthus Tel: 46-31-7787800
 ● Göteborgs Symfoniker: with conductor Jesús López-Cobos, soprano Nina Stemme and baritone Peter Mattel perform works by Goldmark, Berg and Zernitzky; 8pm; Mar 16

HAMBURG

CONCERT

Musiktheater Hamburg Tel: 49-40-348920
 ● Bolshoi Symphony Orchestra Moscow: with conductor Alexander Lazarev and violinist Dmitry Sitkovsky perform works by Tchaikovsky and Shostakovich; 7.30pm; Mar 13

● Yo-Yo Ma and Kathryn Stott: the cellist and pianist perform works by Brahms, Bartók and Messiaen; 7.30pm; Mar 10

● Helsinki Philharmonia Tel: 358-0-403021
 ● Tosca: by Puccini. Conducted by Karl Tikka and performed by the Helsinki Opera. Soloists include Pirkko Törkky, Peter Lindroos, Esa Rautanen and Hannu Forsberg; 7pm; Mar 15, 20, 22

● Leipzig Gewandhaus zu Leipzig Tel: 49-341-12700
 ● Gewandhausorchester: with conductor Marek Janowski and pianist G. Oppitz perform works by Ravel, Honegger and Beethoven; 8pm; Mar 14, 15

LILLE

CONCERT

Opéra de Lille Tel: 33-20 06 88 04
 ● Orchestre Philharmonique de Nice: with conductor Friedrich Haider and soprano Edita Gruberova perform works by Donizetti, Thomas, Borodin, Alabiev, Bernstein and Bellini; 8.30pm; Mar 10

LILLE

CONCERT

Opéra de Lille Tel: 33-20 06 88 04
 ● Pelléas et Mélisande: by Debussy. Conducted by Jean-Claude Casadesu and performed by the Opéra de Lille. Soloists include Gérard Théron, Mireille Delunsch and Armand Arapien; 8pm; Mar 15, 17 (8.30pm), 19, 21, 23

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pianist Julius Drake. The baritone performs R. Schumann's Dichterliebe and songs by Schoeck; 5pm; Mar 16

● British Museum Tel: 44-171-6381555
 ● Vases and Volcanoes: Sir William Hamilton and his collection: exhibition focusing on the 18th century antiquary, connoisseur and natural historian Sir William Hamilton (1730-1803), better known as husband of Nelson's mistress Emma. The display features more than 200 items from the museum, together with loans from public and private collections from around the world; from Mar 13 to Jul 14

● Jazz & Blues
 Ronnie Scott's Tel: 44-171-4390747
 ● Irakere: performance by the 12-piece band, with special guests the Toby Holland Quintet; 10.45pm & 1am; from Mar 11 to Mar 17

● Royal Opera House - Covent Garden Tel: 44-171-2129234
 ● La Traviata: by Verdi. Conducted by Carlo Rizzi and performed by The Royal Opera. Soloists include Andrea Rost, Ramon Vargas, Helen Lethbridge and Gillian Knight; 7pm; Mar 11, 16, 19, 23 (7.30pm)

● Los Angeles
 EXHIBITION
 MOCA at the Temporary Contemporary Tel: 1-213-621-6222
 ● Hall of Mirrors: Art and Film since 1945: this exhibition focuses on the relationship between cinema and the visual arts from about 1945 to the present. The show tries to demonstrate how art has been under the spell of cinema, how film has been under the influence of art and how the two have fused into new forms of artistic expression. The display includes 160 art objects, 70 films and film excerpts, 15 installations and a film series jointly organised by MOCA and the UCLA Film and Television Archive; from Mar 17 to Jul 28

● Maastricht
 ART & ANTIQUE FAIR MECC Tel: 31-43-383-8383
 ● The European Fine Art Fair: more than 160 art dealers from Europe, the US and Hong Kong present highlights of their collection, including old master paintings and drawings, oriental art, silver, jewellery, books, manuscripts and maps, tapestries, and modern and contemporary art. Highlights include two paintings by Van Gogh, portraits by Rembrandt, Rubens and Frans Hals, Rodin's 'Printer's Eternelle' and works by Picasso and Matisse; to Mar 17

● Milan
 OPERA
 Teatro alla Scala di Milano Tel: 39-2-720374
 ● Fedora: by Giordano. Conducted by Gianandrea Gavazzeni and performed by the Teatro alla Scala. Soloists include José Carreras, Plácido Domingo and Mirella Freni; 8pm; Mar 15, 19

● Munich
 CONCERT
 Philharmonie im Gasteig Tel: 49-89-4808825
 ● Symphonieorchester des Bayerischen Rundfunks: with conductor Kurt Sanderling and pianist Mitsuko Uchida perform Beethoven's Piano Concerto No.5 in E flat major and Tchaikovsky's Symphony No.4; 8pm; Mar 14, 16

● Stuttgart
 EXHIBITION
 Staatgalerie Stuttgart Tel: 49-711-2124050
 ● Picasso's World of Children: exhibition of 170 paintings, sculptures, prints, drawings and gouaches from public and private collections in Europe and the US, focusing on Picasso's depictions of children throughout his career. The exhibition ranges from individual portraits to family pictures and mythological depictions and genre-like scenes; to Mar 17

● Vienna
 CONCERT
 Musikverein Tel: 43-1-5058881
 ● Anne Sofie von Otter: accompanied by pianist Bengt Forsberg. The mezzo-soprano performs songs by Schubert, Sibelius, R. Schumann and R. Strauss; 7.30pm; Mar 16, 18

● Washington
 CONCERT
 Concert Hall Tel: 1-202-467 4600
 ● National Symphony Orchestra: with conductor Leonard Slatkin and pianists Katia and Marielle Labèque perform works by Rossini, Berio, Poulenc and Saint-Saëns; 8.30pm; Mar 14, 15, 16, 19 (7pm)

● Zurich
 CONCERT
 Tonhalle Tel: 41-1-2063434
 ● Tonhalle-Orchester: with conductor David Zinman and cellist Yo-Yo Ma perform works by Wagner, Elgar and R. Strauss; 7.30pm; Mar 15

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 ● Tonhalle-Orchester: with conductor David Zinman and cellist Yo-Yo Ma perform works by Wagner, Elgar and R. Strauss; 7.30pm; Mar 15

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CHESS

Cambridge beat Oxford 5-3 last week in the annual varsity match sponsored by City solicitors Watson, Farley & Williams at the Royal Automobile Club, London. Cambridge also took the lead in the series begun in 1873, by 49 matches to 48 with 17 drawn.

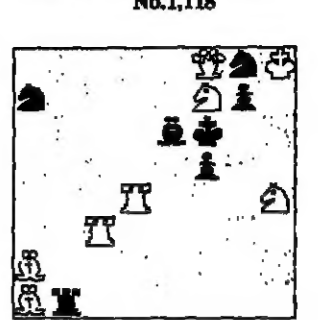
This close overall score disguises a trend where victories often occur in sequences. Cambridge won a record 11 in a row in the 1970s, aided by an unofficial chess scholarship at Trinity and by some talented mathematicians. Oxford won eight successive matches in the 80s, and both universities produced a stream of grandmasters and British champions.

PT readers will be interested to know that the present Cambridge team, who look likely to run up another sequence, are led by a trio of economics students who have all, so to speak, qualified as international masters between lectures.

Economist and PPE chess players were rare in earlier decades, so the new trend is probably no accident. Skilful handling of computer databases, analysing statistical data about future opponents, distinguishing between the minutiae of apparently simple endgames and knowing the

fine legal print of Fide and BCF rules have in recent years become near-essential qualities for would-be experts.

Many Oxford chess players learn their skills earlier, in British championships, the BCF junior squad or The Times inter-school knock-out. Now there is a new competition, the Batsford problem solving championship for individual juniors and school teams of three. Entry is free, and qualification for the final in London in September is by solving eight reasonably easy problems and positions. For more details and an entry sheet, phone 0171-486 8484. No.1.118





James Morgan

American-speak, the global language

Films 'Made in England' have their titles changed for Europe because they are too hard. Hollywood movies make it easy

Sometimes it is hard to recognise friends abroad. They take on new, foreign airs and dress differently. Thus *Sense and Sensibility* is ordinary enough under grey English skies but is transformed on crossing the Channel. In Germany it becomes *Sinn und Sinnlichkeit* which is fine, but it means *Sense and Sensuality*.

I had read a couple of hundred words in *Le Monde* about the star and scriptwriter of the film version, Emma Thompson, before it struck me what *Raison et sensibilité* meant. It had the look of another fine title, possibly a work of Vol-

taire. The Italians follow the French model obediently and choose *Ragione e sentimento*, which is perfect for an Italian film. Only Spanish kept to the original with *Sentido y sensibilidad*.

European cultures struggle, and often fail, to absorb the multi-layered concepts born in other societies at other times. *Much Ado About Nothing* loses its soul when rendered as *Beaucoup de bruit autour de rien*. On the other hand, the famous line in one tongue can become the perfect cliché in another: Prague is littered with posters which read *Byt ci nebyt* or "To be or not to be". This shows

sympathy with those who are wondering if they really should procure the best mail-order catalogue.

But why did *Sense and Sensibility* have to be translated when so many film titles are not? *Highlander* and *Braveheart* are supposedly set in a British time and space but remain with the original titles on posters and placards. The answer is that translated titles, words and phrases are British. The American titles are usually left in the original. When this is not so, they have no resonance in their new language.

American is the global lingua franca and everybody expects to

understand it. Even the English. We all know what life-vests and bullet-proof vests are, and our television programmes routinely translate familiar objects into American.

So we hear of "licence plates" on getaway cars and guns being stowed in their "trunks". In recent days a cricketer has been described as a "pinch hitter", and the term "pointman" has invaded the vocabulary of sports journalists who are as ignorant as I about the meaning of such words.

It is the universality of American culture that means we understand it even when we don't know what it means. American culture can be

absorbed into, say, France as easily as a Frenchman can become an American by donning a baseball cap at a ballgame. (But Americans, as Ronald Reagan pointed out, can never be accepted as French.)

England contains what is still a separate civilisation which offers struggle to understand in their own terms. American is as universal as Latin was in Christendom. A 21st century Martin Luther, wearing a T-shirt inscribed in German, might one day spray graffiti on the gates of Deutsches-Disneyland at Wittenberg in some desperate gesture of cultural defiance.

Peter Krieg, of the Babelsberg

film studios outside Berlin, was asked the other day on the radio about the "European film". He replied that it already existed and was to be found in Hollywood.

Every European is at home with the icons of the movie. A French film shot in Paris is not European, it is French. Los Angeles is familiar in a way London or Lyon are not. So Krieg was going to make American-language films in Babelsberg. They would then be dubbed into German and thereby gain markets that a German film would be denied.

Sense and Sensibility is translated because it is English in style

and conception, even though it was "made in America" by a Taiwanese director. A film like *Braveheart*, lacking any fundamental sense of time and place, has no complex cultural overtones and so remains untranslated across Europe.

A new book called *The American Exceptionalism* shows how different the US is to everywhere else. Everything about it, the place of the Bible, the love of guns, is different. In spite of that, we all accept it as the home of the universal culture. Or maybe because of that.

James Morgan is economics correspondent of the BBC World Service.

Private View

Exposed: the camera-shy photographer

Christian Tyler meets reclusive Cartier-Bresson, who prefers drawing and chooses to go unnoticed in order to see better

Candles flickered on the altar. A door banged in the distance. A nun in black veil and white habit came gliding out of a recess to fiddle with the microphone.

There were few customers gathered for the evening service in Notre Dame des Victoires, a basilica tucked behind the Banque de France. Glancing once more at my watch I wondered whether this surreal rendezvous would really take place.

Then a jaunty voice spoke in my ear. In English: "Are you here to pray?"

Henri Cartier-Bresson, the most famous photographer of the century, was a minute early.

Like most people, I had never seen a photograph of Cartier-Bresson. So his appearance came as a shock. The man who cultivates anonymity with a passion that borders on the obsessive, turned out to be anything but anonymous. Tall, cheerful-looking and fresh-faced, he was sportily dressed in a waxed jacket, with a blue cravat round his neck and what looked like a shooting stick in one hand.

Chatting agreeably, he led me out of the church into the streets of Paris, down a side turning and into the restored neo-classical building where he keeps his garret studio.

"It's a little late for tea," he said, disappearing into a kitchenette. I looked round the room and could not see a single one of his photographs on display. There were two small couches on either wall where the models lie for his chaste drawings of the nude.

If Cartier-Bresson picks up a camera these days it is only to take pictures of friends. Drawing is his métier, and has been for nearly a quarter of a century - not only nudes, but portraits, landscapes, cityscapes, still lifes and old bones.

Until disabused by his friend and fellow photographer, Lord Snowdon, I had thought that Cartier-Bresson had long since been pushing up the daisies. This thought, however, I kept to myself.

My reluctant subject and attentive host emerged with two glasses and a bottle of malt whisky whose label reassuringly declared "c'est en France".

After some skirmishing with chairs, we settled either side of a little round table and I asked Cartier-Bresson to spell out *la*

rigle du jeu (the title of a 1939 Jean Renoir film he helped shoot).

This was to be a conversation, he said, not an interview. The newspaper could use the photograph of him taken by his wife Martine Franck that he had selected from the archives of the Magnum agency (of which he is a founder). Yes, I could use a tape-recorder but I must destroy the tape afterwards.

With the whisky at one's elbow, these precautions began to seem more amusing than vexing, and I reminded myself that, after all, the Surrealist movement had been a great influence on the young Cartier-Bresson.

Why do you give so few interviews, I asked?

"Because it's a police system. Really. Because the journalist puts the question and even if he is not trying to be nasty in any way he doesn't disclose himself."

It's all one way?

"One way. Just like a police interrogation."

Or like a photographer.

"Huh?"

Or like a photographer, I repeated.

He laughed. "Got it!" He

stabbed his chest as if to say *ouch*.

A photographer can shoot and run, I said.

"Yes, but we do it to give.

You also. We steal to give. But I like conversation very much, the exchange of views..."

Cartier-Bresson trained as a painter but made his name as a photographer in the 1930s. He

continued to think of himself as a painter after escaping from a German prison camp during the second world war. He does so still.

"I've trained myself all my life to be unnoticed, in order to see better," he said. "To be a celebrity was a cumbersome business: embarrassing, meaningless and dangerous. He described himself as a libertarian and ethical anarchist, words which did not convey in England what they do in France or Spain.

"To be known as a photographer is a sort of power, and I don't want it. I don't deserve it. No."

But you must be proud of your work?

"I'm not at all. We're talking about drawing. Photography for me is instant drawing. I adore to shoot photographs. It's like being a hunter. But some hunters are vegetarian -



Henri Cartier-Bresson: "To be known as a photographer is a sort of power, and I don't want it. I don't deserve it."

Martine Franck

which is my relation with photography."

Wedded to the little Leica, he will not touch the automatic camera. "It's like shooting partridges with a machine-gun," he said.

Why won't you be photographed yourself?

"All my life I have tried to be unnoticed, to be able to concentrate. And then the media come after you, you have to make a speech, you have no time to think. We're not lawyers, we're not actors. We have to remain close to the ground."

Could this be a kind of pride, or vanity?

"It is a normal thing. It's a basic attitude to life."

Later he said: "Concentration is the secret. I have no gifts, neither in photography nor in drawing. I am not a gifted person."

Why can't you accept that you have a gift?

"Every human being is potentially an artist."

Cartier-Bresson refilled the glasses. "Cheers!"

Anonymous and ascetic he may be in pursuit of his craft, but Cartier-Bresson can be vol-

atile and declamatory in conversation. He describes himself as impulsive and intuitive, denounces Aristotle and Descartes and relishes something he recently read in *Le Monde* by a neuroscientist to the effect that emotion is the basis of reason.

He also has a mischievous humour. "Do you mind if we speak about money?" he said suddenly, cutting short the interrogation. "I'd like to know what you think of the relation between art and money."

I made one of those on-the-one-hand, on-the-other replies. He looked unimpressed. What about you, I said.

"Let's not talk about me, please. It's not interesting. I can go to confession if you wish." He paused. "But let's be honest. Some collections have been made by bankers, popes, or very wealthy people, others by people with little means and great passion. They had a community of taste with the artist but I don't think the artist ever thought about the money."

Though he rails against the modern art market's dominance, Cartier-Bresson is not naive about money. He still

earns an income from the Magnum agency sufficient to indulge his second career as a draughtsman.

Later this month, for the first time, some of his drawings will go on sale for \$2,000 to \$4,000 at the Mayfair gallery of Berggruen & Zevi. Meanwhile, an exhibition of his drawings, photographs and film-making has just opened at the Minneapolis Institute of Arts.

Cartier-Bresson likes to say he does not care about photography. What he means is that he does not treat photography as an art, but as a "tool" for observing, like drawing.

What about the critics?

"Critics are important. But I rely on my friends to tell me when things are good and when they are bad - and why. One told him he has done heaps of bad drawings, and some very good ones. 'It's not really my problem. I'm not a curator of my work. My business is to keep alive.'"

Is drawing art?

"What is art in the end?" He rolled his eyes in mock resignation. "What is art? It's not my problem. Mine is to try and

understand and feel." But he went on to denounce Conceptual art as a "loathsome" mannerism, a tricky substitute for sensibility.

I said: You are 87, I think.

There was a pregnant pause. "You'll have to ask the police. I don't count."

Have you achieved some kind of synthesis for yourself?

"For me it is only the instant that counts - and eternity. We are part of a perpetual transformation. I am living as fully as I can."

Are you still trying to find things out when you draw?

"It's a meditation, a meditation."

The word was appropriate; Cartier-Bresson has for years

been a devotee of Buddhism. I asked him to pause the happiest days of his life.

"Next week, when Martine comes back." His wife Martine was in Nepal taking pictures of Buddhist temples. She is his second wife; his first was Ratna Mohini, a Javanese dancer, to whom he was married for 30 years.

When I asked him if he would like immortality for his work, he reacted with the same show of offence. "Pleased Don't insult me! It's a very unpleasant question. Who do you think I am? A dealer?"

But as an artist?

"I'm not an artist. I'm a human being trying to express himself."

Do you wish no kind of immortality for yourself?

"If one puts that question one is doomed. It's an arrogance. It's absolutely contrary to the act of living, of fulfilling yourself."

"The Ego is a monstrous thing. And you've been pushing me into the Ego all the time. Remember we are part of the thing we observe. Rimbaud put it well."

Are you afraid of becoming a monument, an institution?

"I'm not afraid. I want to preserve my liberty, everyone's freedom. Within my strict frame of reference I want to be a free person and to die free. You're not going to get me into your clichés with your little machine." He indicated the hated tape-recorder. "I've been an escaped prisoner and I'm going to escape again in front of you."

But Cartier-Bresson made no attempt to escape: he was being shamelessly rhetorical now. Instead, he smiled benignly and stood up to fetch a catalogue of his drawings. Carefully, in a large hand, he inscribed it: *A mon reverend père confesseur* and signed it - a final, surrealist touch - *En rit Ca-Bre*.

Peter Aspdén

Continental lessons in love



In matters of the heart, the thing that is supposed to distinguish the British from all those continental cads is an innate sense of fair play and dignity. True, they might be a little reserved, understated, in need of a little time to warm up. True also, that you might not get the unbridled sensuality of a Latin love affair at its peak. But you do get comfort, constancy, solidity. They may seem like ideal qualities for a saloon car or a pet dalmatian, but they are not virtues to be scorned.

So popular myth has it. It is nonsense, of course. The language of love is indivisible. Only if you appreciate its wilful caprices are you able to react with due decorum in the event of a setback. With passion comes understanding. If there is no burning emotion there to start with, what chance is there of behaving honourably?

Here are two highly honourable reactions from those apparently scheming Europeans: first, from Danielle Mitter-

rand, widow of François, asked to comment in *L'Express* on the former president's long relationship with another woman: "A person is capable of loving someone passionately and then, as the years go by, of loving differently, perhaps even more profoundly, and then one can fall in love with someone else. The greatest hypocrisy is to want to pass judgment on that."

Then there is Anna Pavarotti, married for 30 years to Luciano, who has fallen in love with his 26-year-old PA, Nicoletta Mantovani. What did Anna think of the affair? "When the sunset comes, the sense of limitation and loneliness which hits successful people especially, has to be supported by old, well-rooted, tested relationships."

The thing to be admired in both these cases is the measured, diplomatic tone adopted by the wounded parties. No plates are smashed, no knives drawn, no rancour, no hostilities. Love is just a thing that happens, and then sometimes stops happening. It is life.

Compare this sage acceptance with happenings in the Royal House of Windsor, unravelling with comic aban-

don in a sector of hyper-space between Kensington and Epsom.

First, the Princess of Wales announces unilaterally that she has agreed to a divorce. Nothing wrong with that, save that she chooses to make her announcement on the same day that John Major is meeting John Bruton to discuss the faltering Northern Ireland peace process. Even for a Queen of Hearts, it is not what you would call a cerebral response. One might have hoped that she would allow the nation to get on with its important business undisturbed; but Diana knows her public. Most of the media, including, scandalously, the BBC *Nine O'Clock News*, chose to lead with her announcement. No wonder Major and Bruton looked grey with worry. Did anyone care what they said?

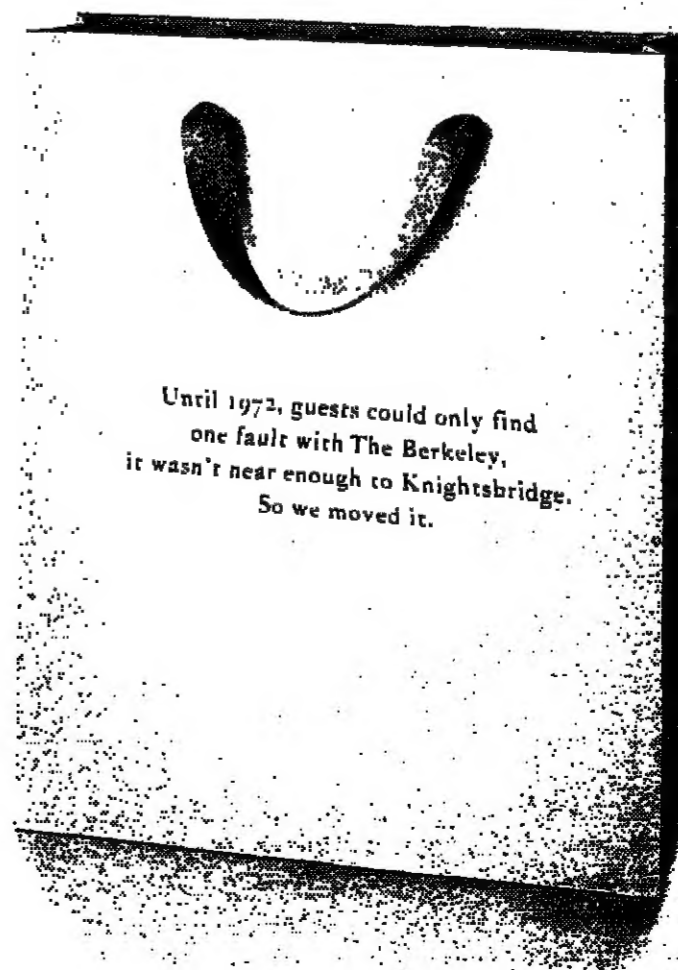
No matter. Divorce it is. Can we have some restraint now? Like hell. Now we get the childish legal wrangles, cunningly disguised as burning constitutional issues. What do we call her? How much does she get? Where does she live? Can you still get a quickie in Haiti? A Shadowy Welshman suggests

that the Big C is a shade short of the Right Shift to reign over us. But the merciless forces of the Establishment, aka the Labour party, slam-dunk his words down his throat.

The tabloids are in full swing; and so is James Hewitt, part of that love triangle, or is it a trapezium, hanging semi-naked from a beam in a ski resort on the front page of the Daily Mirror, with a specially drawn rat covering his private parts. Meanwhile, the Mirror's rival, The Sun, asks the radical question the Labour party dares not consider: is Charles fit to be a king? No, say its readers in a phone poll, by four votes to one.

The poor old peace process? What chance does it have in the nation's collective consciousness, awash as it is with the increasingly surreal instalments of the Windsor break-up? It is inevitable, I suppose. We should be getting used to it.

But that Britain's future king and his wife should have to take lessons in dignified behaviour from the worlds of French politics and Italian opera; ouch, that hurts.



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■ Last week's preliminary results

Company	Stock	Year	Profit (£000)	Dividend
ATI	ATI	Dec	7,100 (14,200)	0.21 (0.21)
Admiral	Adm	Dec	1,100 (2,200)	0.21 (0.21)
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Admiral	Adm	Dec	1,100 (2,200)	0.21 (0.21)
Admiral	Adm	Dec	1,100 (2,200)	0.21 (0.21)

■ Results due next week

Company	Sector	Announcement date	Last year	This year
Admiral	Adm	Dec	1,100 (2,200)	0.21 (0.21)
Admiral	Adm	Dec	1,100 (2,200)	0.21 (0.21)
Admiral	Adm	Dec	1,100 (2,200)	0.21 (0.21)
Admiral	Adm	Dec	1,100 (2,200)	0.21 (0.21)
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Admiral	Adm	Dec	1,100 (2,200)	0.21 (0.21)
Admiral	Adm	Dec	1,100 (2,200)	0.21 (0.21)

How studying history can produce Warren Buffetts

John Train casts an eye over stock-picking strategies - and finds that a number of them correspond to common sense

In the Pink

John Train is chairman of Montrose Advisers, investment counsel in New York City.

I have always sympathised with the business school students of Benjamin Graham, the great investment theorist. He made them do 50-year paybacks - often by hand - of the various techniques he was curious about at the time. One of those students was Warren Buffett, now said to be America's wealthiest businessman, and a number of others became investment professionals of only slightly less eminence. Ours is no occupation for someone afraid of hard intellectual graft.

Anyway, a contemporary investment student and practitioner, Jim O'Shaughnessy, gained access recently to Standard & Poor's enormous database, which contains information on thousands of common stocks.

Taking the 43 years from end-December 1951 to end-December 1994 - which means that the very strong year just ended is not included - he then tested a number of investment strategies using a computer simulation. The results will be published later this year but Barron's, the business weekly, has examined and reported on them.

Most are what you would expect, particularly that a sure way to do badly is to buy the stocks that are most popular at the moment. "Popularity" can be measured in several different ways, notably the ratio of market price to company earnings, to book value and to sales.

Two final losing strategies are buying stocks whose earnings gained the most in the previous year, or whose market prices fell the most in the previous year. These approaches made you only 8.66 per cent and 1.78 per cent respectively.

This last figure, the worst result among the familiar strategies, illustrates the truth that a market trend is at any moment more likely to continue than to reverse. The same is true going up: buying the 50 stocks that went up the most during the previous year

earns you 14 per cent a year compounded. Very nice.

Now, just as Benjamin Graham determined, you can improve your results by adding filters. For instance, if you apply to this strategy the further requirement of a price/sales ratio below 1, the rate of return jumps to just over 18 per cent. This can be called buying upward momentum with a value filter.

The only strategy in the study that (narrowly) beats common sense but are so rigorous that, in recent years, they have not ordinarily been available in significant quantity, although they still surface profusely in severe bear markets. Here are brief statements of some of Graham's bargain-hunting formulas:

- A stock should be bought for less than two-thirds of its net quick assets (working capital minus all debt) and sold at 100 per cent of its net quick assets. This approach earned 19 per cent over a 50-year period.
- A stock's "earnings yield" (that is, the reciprocal of the P/E ratio) should be twice the prevailing AAA bond yield, and the company should owe less than it is worth. In other words, the ratio of debt, including preferred stock, to tangible equity should be less than 1.

Here again, the rigorous application of this strategy earned about 19 per cent.

■ A stock's dividend yield should be no less than the AAA bond yield, and the company should owe less than it is worth. This variation yielded only slightly less than the other two.

In recent years, these Graham strategies have become market indicators as well as stock-picking criteria. If plenty of stocks are available on these terms, the whole market is attractive; if not, perhaps not - except that, since the second world war, stocks have been understood better and valued more generously.

Graham himself never expected that anything like the amount of money would be chasing his formulas that there has come to be.

The O'Shaughnessy strategies, on the contrary, can be executed in size, and the highest-yielding Dow stocks strategy in essentially unlimited size.

■ Last week's earnings results

Company	Stock	Year	Profit (£000)	Dividend
ATI	ATI	Dec	7,100 (14,200)	0.21 (0.21)
Admiral	Adm	Dec	1,100 (2,200)	0.21 (0.21)
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Admiral	Adm	Dec	1,100 (2,200)	0.21 (0.21)
Admiral	Adm	Dec	1,100 (2,200)	0.21 (0.21)

■ Directors' share transactions in their own companies

Company	Sector	Share	Value	% of share
ATI	ATI	Dec	7,100 (14,200)	0.21 (0.21)
Admiral	Adm	Dec	1,100 (2,200)	0.21 (0.21)
Admiral	Adm	Dec	1,100 (2,200)	0.21 (0.21)
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Admiral	Adm	Dec	1,100 (2,200)	0.21 (0.21)

■ Bids

Privatised utilities became the focus of takeover fever once again this week when Wessex Water announced on Wednesday that it was planning to bid for neighbouring South West Water, writes Geoff Dyer. If successful, the bid would be the first consolidation among the big 10 water and waste companies, which were privatised in 1989.

Christie-based Wessex said it intended to launch a cash, or largely cash, bid some time in the summer if it cleared regulatory hurdles. Water company shares promptly soared amid hopes that the bid would lead to a flurry of others.

Trafalgar House, the struggling UK construction, shipbuilding and engineering conglomerate, gave up its independence this week when it accepted a £904m takeover offer from Kvaerner, the Norwegian engineering and shipbuilding group. The recommended deal is expected to trigger a £750m disposal programme with Cunard, owner of such luxury liners as the QE2, tipped as the most likely sale.

■ Current takeover bids and mergers

Company	Share	Value	% of share
ATI	ATI	Dec	7,100 (14,200)
Admiral	Adm	Dec	1,100 (2,200)
Admiral	Adm	Dec	1,100 (2,200)
Admiral	Adm	Dec	1,100 (2,200)
Admiral	Adm	Dec	1,100 (2,200)
Admiral	Adm	Dec	1,100 (2,200)
Admiral	Adm	Dec	1,100 (2,200)
Admiral	Adm	Dec	1,100 (2,200)
Admiral	Adm	Dec	1,100 (2,200)
Admiral	Adm	Dec	1,100 (2,200)

■ Rights issues

Fairway Group is to raise £5m via a 1-5 rights issue of 6.85m shares at 80p.

Guinness Peat Group is to raise £15.3m via a 1-10 rights issue at 30p.

Cardcast is to raise £1.7m via a placing.

Fly Group is to raise £17m via a placing of 2.7m shares.

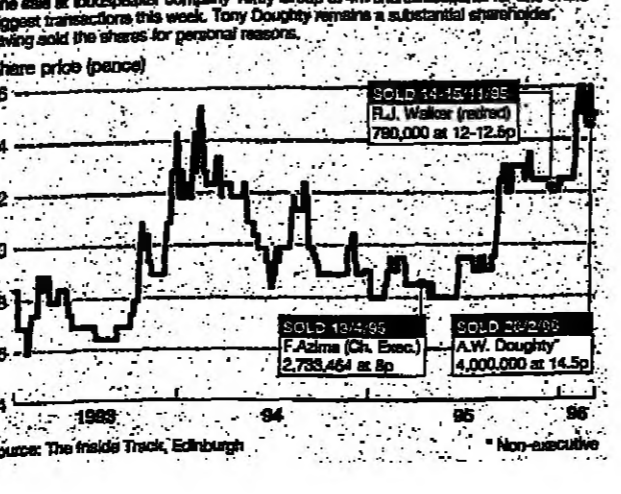
Hay & Robertson is to raise £2.59m via a placing of 5.5m shares at 47p.

Herring Baker Harris is to raise about £3m via a placing of 3.2m shares at 95p.

Pacific Horizon Int'l is to raise £25m via a placing of 20m C shares at 100p.

Phoenix Timber is to raise £2.24m via a placing and open offer of 13.2m shares at 18p on a 1-4 basis.

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Weekend Investor

Wall Street

Is downsizing now a dirty word?

Maggie Urry wonders if the bond market is to repeat its 1994 performance

There is a depressingly familiar look to the US bond market. While the stock market has continued to set new highs, falling bond prices have pushed up yields significantly this year.

The yield on the 30-year Treasury "long" bond, which serves as a benchmark for the market, has risen from under 6 per cent at the start of the year, to nearly 6.7 per cent yesterday. And this in spite of two cuts in official interest rates recently, one in December, another in January.

The big question is whether the bond market is about to repeat its performance of 1994. And, as a supplementary, why is the stock market not more concerned by the rise in long-term yields?

The worst year for the bond market in recent memory was 1994. Those who lived through it still shudder at the losses sustained. Already, as the chart shows, the yield on the long bond is tracking the rise in the early part of 1994. If it carries on like this, 1996 would be another nasty year.

But there is a big difference between the economic background then and now. Stephen Roach, chief economist at Morgan Stanley, is no bull of the bond market, but he does not expect a re-run of 1994 either. He points out that at the start of 1994 the official short-term interest rate was 3 per cent. Compared with inflation of around the same amount, real interest rates were remarkably low, meaning that monetary policy was loose. The bond market crash was prompted by a rise in official interest rates as the Federal Reserve decided it had to tighten policy to prevent inflationary growth.

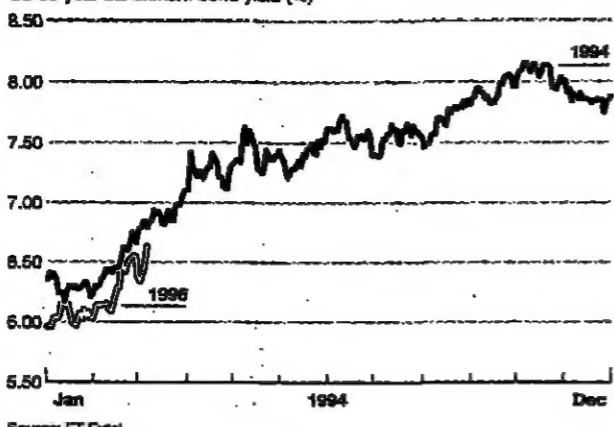
Now, the Fed's target interest rate is 5 1/2 per cent, well above the inflation rate still a little under 3 per cent. Roach argues that the monetary stance now is fairly neutral.

At present inflation is benign, and the economy looked to be growing only modestly - at least until yesterday, of which more in a moment.

What has pushed yields up in recent weeks has been changing perceptions of the outlook for interest rates. Not so long ago, the market was assuming the Fed would cut rates sharply - perhaps to 4 per cent - over the next few months, beginning at the Fed's meeting later this month.

1996 - a re-run of 1994?

US 30-year benchmark bond yield (%)



Source: FT Data

However, recent economic statistics have been giving the market mixed signals.

Yesterday the markets suffered a real shock when the employment figures showed a sudden surge in new jobs. The bond market had been nervous about the number all week.

Estimates varied widely, between a rise of around 200,000 to 300,000. But no one was prepared for the jump of 705,000 in job numbers, and the bond market reeled.

Such a leap in employment suggests the economy is much stronger than had been thought. And since the bond market equates faster economic growth with a rise in inflation, there was a sudden fear that interest rates would not fall any further from here.

As Bruce Holmquist, director of fixed income management at Riggs Investment Management, says, the Fed has moved from a "need to ease" stance - when cuts in interest rates were thought necessary to stimulate a slowing economy - to a "room to ease" position, with the Fed wondering if there is scope to cut given the growth and inflation outlook.

Yesterday there was even a suggestion that the next move in official interest rates might be up, not down. If that happened, then the pattern of 1994 might be seen again.

So to the second question. Why does the stock market keep going up? Even yesterday share prices quickly recovered from a sharp fall at the opening. Roach regards the equity market's rise in the face of higher bond yields as "scary".

Money is pouring into shares. In January and February this year, investors put

\$50bn into equity mutual funds.

Roach's theory is that there is a fundamental shift taking place in America which is affecting politics, economics, companies, and the man in the street. That shift is from capital to pro-labour.

It is one of the paradoxes of America that such a shift should be taking place just as the Republican party is in the ascendancy.

If Roach is right, then the emphasis of economic policy will shift from keeping a tight control on inflation to job creation and wage increases. That would be bad news for bonds and equities.

This shift may even be affecting corporate behaviour. The stock market has been applauding companies which made substantial layoffs and announced large restructuring costs. These supposedly "one-off" charges led to higher future earnings, and were therefore considered a Good Thing.

But this week IBM, the computer company, said it would no longer call such write-downs one-time charges. Instead it would regard such costs as a normal part of its business.

Downsizing has suddenly become a dirty word in America. It is no longer acceptable for companies to rejoice in cutting jobs. And that could be bad news for corporate profits.

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Money is pouring into shares. In January and February this year, investors put

Make the most of the rate cuts

The latest could be the last, says Philip Coggan

Some people just have no gratitude. The chancellor's present to the stock market yesterday - in the form of a quarter-point cut in base rates, to 6 per cent - appeared to get a raspberry from investors. The FT-SE 100 index fell 47.9 points on the day.

The reduction had been widely expected, so the market could be forgiven for not rising. But the real reason for the plunge was the turbulence on Wall Street.

Reductions in US interest rates have played an important part in fuelling the recent international bull market in shares which has carried the Footsie to all-time highs. So any suggestion that economic strength might stop the Fed from cutting rates further, or even lead it to raise them, is seen as bad news for investors.

There might also be a sense that the UK rate cut could be the last in the present phase. The short sterling future, the

market's vehicle for speculating on interest rates, is signalling that the cut will be more than reversed by December.

The market might also be indicating that it takes a more robust view of the UK economy than many experts. While Footsie has struggled and failed to top its all-time closing high, the Mid-350 index has repeatedly scaled new peaks; and the FT-SE Small Companies index has outperformed the FT-SE 100 by 4.5 per cent so far this year.

Small companies are more exposed to the UK economy than Footsie constituents, which often have international interests, so the shift suggests investors are expecting a consumer-led rebound. If that does happen, the chancellor would have less justification for cutting rates again.

The fact that yesterday's problems began in the US bond market is also significant. The graph, provided by Ian Scott of Lehman Brothers, shows the volatility of equities relative to

bonds (for statistical enthusiasts, this is measured by dividing the standard deviation of monthly equity returns by the standard deviation of bond returns, using a three-year rolling average).

As one would expect, the normal pattern is for shares to be more volatile than bonds. But, over the past three years, the situation has been reversed.

According to Scott: "On four occasions, we have seen equity volatility approach that of bonds: 1964, 1979, 1984 and 1987. In three out of the four cases, this proved to be a prelude to a sharp correction in the equity market of between 10 and 20 per cent."

Nevertheless, there are still plenty of bulls out there. One analyst who remains optimistic, despite yesterday's falls, is Ian Harnett of Société Générale Strauss Turbush Securities. He is expecting Footsie to reach 4,150 to 4,250 by the middle of the year.

Harnett says loose monetary



The chancellor's gift to the market did not prevent its plunge

policy worldwide "will result in lower interest rates which will boost global liquidity and help to keep international markets buoyant. In the UK, the political imperative will ensure that monetary policy will be eased further, with base rates falling to 5.75 per cent."

He adds: "GDP growth will accelerate to 3.1 per cent in 1997, after 2.5 per cent in 1996, helping earnings and dividends to grow by 10 per cent this year. Low interest rates will also encourage a bumper year for mergers and acquisitions activity, with a further £20bn of deals."

But bulls may have to adjust their stock-picking tactics. Value investing is one of the most celebrated and successful strategies for beating the market. At various times, investors have produced great results by picking the shares with the highest yield, lowest price-to-asset value or whatever.

Things may be changing. Research produced by ABN-Amro Hoare Govett this week showed that techniques such as the O'Higgins method (based on the highest yielding stocks in the FT-30) underperformed in 1995.

Hoare Govett points out that in Germany, in contrast to the UK, a value-based strategy has not historically outperformed a basket of stocks selected on the basis of growth (in dividends, earnings, assets and so on).

The importance of value in the UK could be due to the country's economic instability; the boom-bust cycle means that investors have to pay more attention to interest rates and valuation measures than they do to earnings growth rates.

In a low inflation, stable growth climate (as Germany has experienced), playing the cycle will be less important, and companies which can increase their earnings at a faster rate than average will be much sought after.

Interestingly, the research came out in a week when the market reacted sharply to results from two growth stocks in the pharmaceuticals sector, Glaxo-Wellcome and Zeneca. Glaxo faces the problem of replacing two of its great successes, Zantac and Zovirax, as their patents expire.

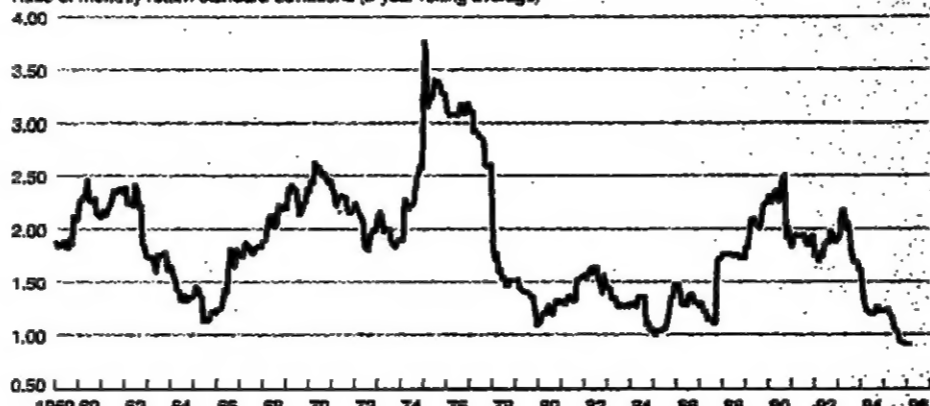
As growth slows, the market reduces the rating it applies to Glaxo shares; the historic price-earnings ratio has fallen from over 30 early in 1992 to less than 19.

While the figures from Glaxo this week were roughly in line with forecasts, a combination of disappointments - on dividends, sales growth and the res on cost-cutting - in strict the shares by nearly 5 p to be on Wednesday and more free per cent on Thursday, the into

By contrast, figure for little Zeneca showed a modest increase in operating profit. The shares rose 1 p to 17.50, a few worrier se again in from pany's grow, the real reason made no monental 7.5 per he was shares on Thursday. Historical speculation after he smiled between Swiss up to fetch calis giants Sandoz drawings. Whether interest rate bond yields are reverend ing, the market signed it - have time for a touch story.

Bonds get more volatile than shares

Ratio of monthly return standard deviations (3-year rolling average)



Source: Lehman Brothers

Highlights of the week

	Price	Change	52 week	52 week
	YTD	on week	High	Low
FT-SE 100 Index	3710.3	-42.4	3781.3	3011.5
FT-SE Mid 250 Index	4282.7	+15.3	4280.0	3315.6
Alders	202	+20	244	162
Amey	168	+50	168	117
BAA	594	+13	546	419 1/2
British Biotech	2280	+237	2358	461
Cadbury Schweppes	519	-36	567	428
Costa	91	+17	150	67
FirstBus	169	+15	178	131
GKN	593	+47	598	567
Morrison O'Farrell	882	+54	885	347
Raine	19	+5	33	13
Sieco	883	+20	886	521
South West Water	616	+116	617	460
Zeneca	1370	+103	1408	840



Barry Riley

The real strengths of the City

Does it need interference from outside? Very probably not

The City of London earns something approaching £20bn net. It is certainly a national economic asset that deserves to be nurtured and encouraged. True, you cannot calculate the sums properly without allowing something for the losses incurred by the rest of the UK economy from the draining of human talent and other resources to the Square Mile. But the City is, nevertheless, a unique economic asset in the European time zone, and it is remarkable globally for being a financial centre which has grown out of proportion to its modest industrial and commercial hinterland.

Perhaps the British government has a sense of guilt about how its anti-single currency policies (on the negative side of euro-neutral, anyway) are threatening the international financial centre that nestles within the UK. At any rate, last year the Treasury launched a City Promotion Panel to market the UK's financial services industry internationally.

The initiative has not, however, gone down well. Michael Cassidy, of the Corporation of London, has complained that the panel does not include representation from several of the City's important constituent interests. And there are obvious questions about the role of British

Invisibles, the curiously named promotional body set up 30 years ago with the backing of the Treasury and the Bank of England.

Does being left out of the single currency threaten the City's role? The European Central Bank will be based in Frankfurt and London might, as a result, be disadvantaged for some types of Euro-denominated transactions. The effect on its global business could be slight, however.

You can argue that London gains quite strongly by being distanced from the culturally more inhibited continental financial centres. One of the City's recent triumphs, after all, has been the success of Liffe, the financial futures exchange, in winning the lion's share of the business in German government bond futures against competition from Frankfurt's DTF.

A report this week by the London Investment Banking Association discussed the possibility that, if the UK did not take part in economic and monetary union, Ecu countries might take measures to make life difficult for institutions dealing in single currency business outside the Ecu area. It concluded that a serious threat would arise only if a continental financial centre were to accumulate a critical mass of institutions sufficient to challenge the City.

But talk of institutions can be distracting. It is the City's labour force that is the true secret of its success: the hundreds of thousands of staff who represent a collective resource that Frankfurt, Amsterdam, Paris or Zurich cannot match. Because they can be hired easily, it is possible for

It is the City's labour force that is the true secret of its success

overseas firms to flock to London: because the labour market regulations are lax by continental standards, international financial services companies can be more successful.

It remains true that certain of the City's major institutions are in some disarray. In parliament during the past week or two, the Treasury select committee has been hearing evidence about the recent troubles of the stock exchange, culminating in the sudden exit of chief executive Michael Lawrence. Baffled MPs have been listening to arcane arguments about the virtues of order-driven, rather than quote-driven, trading.

Another venerable pillar of the City, the insurance market Lloyd's, has been in even deeper trouble. Yesterday, it unveiled its attempt to make a final settlement with its Names, the private investors who were promised easy money but have often ended up in financial ruin. Indeed, insurance has been a disaster area for the City. But it is an exception.

Parliament's possible role in sorting out the exchange's difficulties is unclear. MPs would be unwise to blunder into the Square Mile's minefield of relationships and jealousies. In practice, the City has been left primarily as a zone of self-regulation. This has worked well in the wholesale markets (but less well in retail investment).

As for promotion, the Bank of England used to be quite active in singing the praises of the Square Mile but, as it has acquired increased supervisory responsibilities, culminating in the Barings disaster, it has become more inhibited by conflicts of interest. A few years ago, the Treasury became the "sponsoring" ministry for financial services; hence, no doubt, its recent initiative. Yet, clearly, it has a lot to learn.

British Invisibles has been a curious case. No other country seems to have any urge to separate the promotion of trade in physical goods and

"invisible" services. Its creation in the 1960s had origins rooted in the very cultural basis of the City itself: the preference of the gentlemanly classes for financial business rather than for trade in mere goods.

But the political climate when it was founded meant that it was considered desirable to mask its preoccupation with the Square Mile. Other "invisible" industries were embraced as well, such as tourism and entertainment (although culturally - and industrially, too, for that matter - they have never meshed very happily). In blurring its image in this way, however, British Invisibles seems now to have managed to sideline itself instead of becoming the Treasury's dedicated promotional vehicle for the City of London.

The real question is whether the City really needs the help of these self-appointed bureaucracies. Every day, thousands of its firms reach out across the globe. The big US, German, Swiss and Japanese institutions are entrenched heavily in London because they can do good business there. It will be better if the sectional jealousies can be worked out in the competitive market-place than in boardrooms of quangoes. Perhaps, after all, the City can best look after itself.

Offshore managed funds and UK managed funds are listed in Section One

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